

Vittoria Assicurazioni

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

94th year of business

**Consolidated
half-year financial report
as at 30 June 2015**

Board of Directors' meeting
of 30 July 2015

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

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BOARD OF DIRECTORS

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

BOARD OF STATUTORY AUDITORS

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

GENERAL MANAGEMENT

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

INDEPENDENT AUDITOR

Deloitte & Touche S.p.A.

APPOINTMENTS AND REMUNERATION COMMITTEE

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

INTERNAL CONTROL COMMITTEE

Giuseppe SPADAFORA	Independent non-executive president
Pietro Carlo MARSANI	Non-executive deputy president
Luca PAVERI FONTANA	non-executive member
Anna STRAZZERA	Independent non-executive member

FINANCE COMMITTEE

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

REAL ESTATE COMMITTEE

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

RELATED PARTIES COMMITTEE

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

Form and contents of report

The consolidated half-year report as at 30 June 2015 was prepared in accordance with International Accounting Standards (IASs/IFRSs) and in compliance with Article 154-*ter* of Legislative Decree 58 of 24 February 1998, the “Consolidated Law on Financial Intermediation,” as amended by Legislative Decree 195 of 6 November 2007 (*Transparency*), and related implementation provisions pursuant to Article 9 of Legislative Decree 38 of 2005 and it complies with the international accounting standard applicable to interim financial reporting (IAS 34).

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

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

This report was prepared in accordance with the specifications set out in Legislative Decree 209 of 7 September 2005, ISVAP (now IVASS) Regulation no. 7 of 13 July 2007 as amended and Consob Memorandum no. 6064293 of 28 July 2006.

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

It was also presented comparative data; where it is deemed necessary, reclassifications have been made.

The consolidated half-year report was prepared on a going concerned perspective.

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

Accounting policies

The rules for preparation and the accounting policies applied for the consolidated for this interim management report are the same as those used for annual consolidated financial statements. Readers should therefore refer to the “Accounting Policies” section of the Consolidated Annual Report for the year ended on 31 December 2014. Given, however, the faster preparation required than in the case of annual financial statements and the fact that this is an interim report, use has been made – consistently with the period’s operating data – of appropriate estimation methods, particularly for Non Life business.

Accounting standards , amendments and interpretations of IFRS adopted since 1st January 2015

Starting annual periods beginning on or after 1 January 2015 came into effect the following changes to IAS / IFRS accounting standards:

IFRS 3 Business Combinations – Scope exception for joint ventures. The amendment states that paragraph 2(a) of IFRS 3 excludes the formation of all types of joint arrangement from the scope of IFRS 3, as defined in IFRS 11;

IFRS 13 Fair Value Measurement – Scope of portfolio exception. The amendment states that the portfolio exception included in paragraph 52 of IFRS 13 is applied to all contracts included within the scope of IAS 39, regardless of whether they meet the definition of financial assets and liabilities provided by IAS 32;

IAS 40 Investment Properties – Interrelationship between IFRS 3 and IAS 40.

The amendment clarifies that IFRS 3 and IAS 40 are not mutually exclusive and that, in order to determine whether the purchase of a property falls within the scope of IFRS 3 and IAS 40, reference should be made respectively to the specific guidance provided by IFRS 3 or IAS 40.

IFRIC 21 – Levies. The interpretation clarifies the time of recognition of a liability related to taxes (other than income taxes) imposed by a government agency. The principle addresses both the liability for taxes which fall within the scope of IAS 37 - Provisions, contingent liabilities and contingent assets, both for taxes whose timing and amount are uncertain.

The adoption of these amendments had no impact on this consolidated interim financial statements of the Group.

Other relevant information

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

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

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

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

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

Directors' report

Economic and insurance scenario

World economic growth is estimated at 3.3% in 2015 (source: IMF), marginally lower than 2014, with a gradual increase in the advanced economies and a slowdown in emerging and developing economies. In 2016 it is expected a consolidation of the growth levels of around 3.8% .

In the **United States**, growth in the first months of this year has slowed down mainly due to the appreciation of the currency, yet the labor market continues to show signs of improvement, with unemployment rate falling steadily. Economic forecasts show growth of 2.5% and 3% respectively for 2015 and for 2016.

On the monetary front, the Federal Reserve kept interest rates unchanged between 0% and 0.25%, and also considered the expectations of low inflation, many observers agree in predicting that they can stay at this level until at least next September, the month from which you could see the beginning of a process of gradual increase in interest rate.

Coming to the **euro zone**, the economy should gradually consolidate to an increase of 1.5% in 2015 and 1.7% in 2016 (source: IMF) with estimates which have recently been revised upward.

These forecasts benefit from the favorable effects on exports caused by the depreciation of the euro, the improvement in financial conditions and the additional monetary policy stimulus still in progress; precisely with regard to monetary policy, the European Central Bank decided to keep interest rates unchanged (0.05% on the main refinancing operations) in addition to continuing with the implementation of programs to purchase securities began a few months ago (Outright Monetary Transaction).

As for the **Italian economy**, it is noted that, after a long period of recession, is finally showing encouraging signs of recovery, with economic growth estimated at 0.6% for 2015 and 1.5% for 2016. Exports will continue to drive growth, with an improvement in terms of private consumption, while the expected contraction in private investment is more than offset by the planned increase in spending on public infrastructure. Economic growth should lead to an improvement of the labor market and lead to a reduction in the unemployment rate which still remains high.

As for the data in the financial markets during the first half of 2015, we note the excellent performance of the stock market (FTSE MIB index +17.4%) while the bond market remained essentially unchanged (-1.0% FTSE Italy Govt Performance).

Regarding the trend of the European currency, as expected, the accommodative monetary policy of the European Central Bank has helped to continue the trend of slight depreciation of the euro against major world currencies.

In 2015 the Italian property market is basically confirming the trend observed in 2014, although in fact it remains waiting for signals confirming the positive trend started since last year, it seems initiated, albeit slow, recovery.

Although there are positive prospects for the real estate, especially for volumes of trades, no one can expect any rapid growth because the recovery will be gradual, also industry players estimate the beginning of the rise in house prices from 2017 .

During the first quarter the volume of trade have seen a decline over the last quarter of the previous year by about 3% on a national basis, but the trade volume amounted to the same period in 2014, and, as was the case a year earlier, it has detected a recovery during the second quarter .

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

Summary of key performance indicators

€/million					
SPECIFIC SEGMENT RESULTS					
	30/06/2015	30/06/2014	31/12/2014	Δ 30/06/14	Δ 31/12/14
Non Life business					
Gross Premiums written - direct Non Life business	535.3	513.0	1033.0	4.4%	
Non Life business pre-tax result	67.9	63.4	125.2	7.1%	
(1) Loss Ratio - retained	64.8%	64.0%	65.5%	0.8	
(2) Combined Ratio - retained	90.2%	90.2%	90.7%	0.0	
(3) Expense Ratio - retained	24.6%	25.4%	24.9%	(0.8)	
Life business					
Gross Premiums written - direct Life business	128.3	133.4	249.3	(3.8)%	
Life business pre-tax result	0.6	1.1	2.4	(47.5)%	
(4) Annual Premium Equivalent (APE)	17.3	17	33.9	1.8%	
Segregated funds portfolios	942.3	816.9	868.7		8.5%
Index/Unit - linked and Pension funds portfolios	68.7	68.2	65.7		4.6%
Segregated fund performance: Rendimento Mensile	3.40%	3.83%	3.57%	(0.43)	
Segregated fund performance: Valore Crescente	3.77%	4.06%	4.00%	(0.29)	
Total Agencies	411	403	409	8	2
Average of employees	609	595	596	14	13
Real Estate business					
Sales	12.7	17.7	27.9	(28.2)%	
Trading and development margin	2.5	3.8	2.5	(34.2)%	
Real Estate business pre-tax result	(7.0)	(7.1)	(19.8)	(2.1)%	
CONSOLIDATED RESULTS					
	30/06/2015	30/06/2014	31/12/2014	Δ 30/06/14	Δ 31/12/14
Total investments	3,133.6	3,018.7	3,155.0		(0.7)%
Net gains on investments	38.9	33.8	79.6	15.2%	
Pre-tax result	59.5	58.9	119.2	1.2%	
Consolidated profit (loss)	40.8	37.3	72.3	9.2%	
Group profit (loss)	40.8	37.2	72.3	9.7%	
Equity attributable to the shareholders of the parent	641.0	571.6	614.5		4.3%
Equity attributable to the shareholders of the parent net of unrealised capital gains	536.3	474.3	509.2		5.3%

Legend

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

Technical data are determined in accordance with Italian accounting principles.

Performance of the Vittoria Assicurazioni Group

At 30 June 2015, net income for the Group came to €40,794 thousand, as compared to €37,184 thousand for the same period of 2014 (+9.7%).

Performance for the insurance segment, before taxes and intersegment eliminations, reached €65,748 thousand (vs. €64,242 thousand at 30 June 2014, an increase of 2.3%).

This result is mainly due to the contribution of the Non-Life business, whose combined ratio stood at 90.2 % kept in line with the figure at 30 June 2014.

The trend of groups of lines of business is as follows:

- Non-Marine premiums showed an increase of 6.0%, with an improvement in the technical result compared to the same period of the last year;
- Motor lines recorded a positive result, with an increase in premiums written by 4.1% ;
- Specialty lines showed a negative result, linked to the weight of the current economic crisis.

Premiums recognized as at 30 June 2015 amounted to €663,644 thousand (€646,690 thousand euro at 30 June 2014), with an increase of 4.0% in the Life business and Non-Life business of 4.3%, amounting to an overall increase of 2.6%.

The real estate sector recorded a net loss of €5,399 thousand, compared to a loss of €4,583 thousand in the corresponding period of the last year. The result takes into account the margins on the notarial deeds stipulated in the first half of 2015 for €2,493 thousand (€3,801 thousand at 30 June 2014).

Total investments posted a decrease of 0.7% compared to 31 December 2014 to reach a total of €3,133,555 thousand, with €68,713 thousand (+4.6%) being related to investments for which the risk is to be borne by the policyholder and €3,064,842 thousand (-0.8%) to investments for which the risk is borne by the Group.

Net capital gains on investments for which the risk is borne by the Group totalled €38,918 thousand, as compared to €33,788 thousand for the previous period (+15.2%).

Equity for the Group totalled €641,030 thousand, increasing by 4.3% from €614,528 thousand posted as at 31 December 2014.

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

Reclassified Profit and Loss by business segment	(€/000)			
	30/06/15	30/06/14	31/12/14	Δ 30/06/14
Non life business - Gross Insurance Result (excluding investments result)	47,268	47,199	87,035	+0.1%
Non life business - Gross Investments Result	17,925	15,985	35,131	+12.1%
Life business - Gross Insurance Result (including Investments Result)	555	1,058	2,361	-47.5%
Gross Insurance business Result	65,748	64,242	124,527	+2.3%
Consolidation adjustments: minority interests, dividends and capital gains	-	195	9,249	n.s.
Insurance business: taxes	(22,354)	(21,878)	(47,018)	+2.2%
Insurance business net contribution to Profit attributable to parent company shareholders	43,394	42,559	86,758	+2.0%
Gains on property trading	2,493	3,801	4,985	-34.4%
Real estate service revenues	1,014	1,038	2,703	-2.3%
Real estate business net costs	(10,484)	(11,968)	(27,468)	-12.4%
Gross Real estate business Result	(6,977)	(7,129)	(19,780)	-2.1%
Elimination from consolidation: gains	42	(34)	547	n.s.
Taxes and minority interests	3,232	982	1,094	n.s.
Net Real estate business Result	(3,703)	(6,181)	(18,139)	-40.1%
Net profit attributable to Life business Policyholders	(2,583)	2,260	2,542	n.s.
Tax on profit attributable to Life business Policyholders	887	(662)	(872)	n.s.
Real estate business net contribution to Profit attributable to parent company shareholders	(5,399)	(4,583)	(16,469)	+17.8%
Private equity net contribution to Profit attributable to parent company shareholders	2,517	201	3,018	n.s.
Service business net contribution to Profit attributable to parent company shareholders	282	(993)	(978)	n.s.
Net Profit attributable to parent company shareholders	40,794	37,184	72,329	+9.7%
Other Comprehensive Income (Loss) net of tax	(346)	43,546	51,367	n.s.
Comprehensive Income attributable to parent company shareholders	40,448	80,730	123,696	-49.9%

As at 30 June 2015, the parent company posted net income (based on Italian accounting standards) of €42,850 thousand (€42,201 thousand for the same period of 2014).

The Group half year result, in line with the strategic plan of the year, calls for a confirmation of a steady strengthening of capital, in light of Solvency II regulations which will come into force in 2016.

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

Insurance business

Profit for the insurance business, before taxes and intersegment eliminations, amounted to €68,442 thousand (+6.2% vs. €64,443 thousand as at 30 June 2014). The key operating items contributing to the period's result are described below.

Review of operations

Premiums as up to 30.06.2015 thus amounted to €663,644 thousand. Portfolio breakdown and the changes occurring by business segment and branch are shown in the following table:

COMPARISON BETWEEN GROSS PREMIUMS WRITTEN IN 2015 AND 2014 DIRECT AND INDIRECT BUSINESS

	(€/000)				
	30/06/2015	30/06/2014	YoY change %	% of total book	
				2015	2014
Domestic direct business					
Life business					
I Whole- and term life	113,626	126,666	-10.3	17.0	19.7
IV Health (long-term care)	320	297	7.7	-	-
V Capitalisation	14,328	6,440	122.5	2.2	1.0
Total Life business	128,274	133,403	-3.8	19.2	20.7
Non-Life business					
Total non-marine lines (exc. specialty and motor)	136,797	129,103	6.0	20.7	19.9
Total specialty lines	6,282	6,936	-9.4	0.9	1.1
Total motor lines	392,229	376,964	4.1	59.2	58.3
Total Non-Life business	535,308	513,003	4.4	80.8	79.3
Total direct business	663,582	646,406	2.7	100.0	100.0
Domestic indirect business					
Life business	-	220	n.v	0.0	0.0
Non-Life business	62	64	-3.1	0.0	0.0
Total indirect business	62	284	-78.2	0.0	0.0
Grand Total	663,644	646,690	2.6	100.0	100.0

Revenues not qualified as premiums as defined by IFRS 4 (Unit Linked contracts and those relating to the Vittoria Formula Lavoro open-ended pension fund) amounted to €1,830 thousand (€436 thousand in 1H14).

Overhead costs as a percentage of total direct insurance premiums (direct business) were 8.1% (vs. 7.8% in 1H14).

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

Regions	(€/000)				
	Agencies	Non-Life Business		Life Business	
		Premiums	%	Premiums	%
NORTH					
Emilia Romagna	34	41,658		14,987	
Friuli Venezia Giulia	4	4,173		1,432	
Liguria	15	24,854		2,312	
Lombardy	104	113,515		47,024	
Piedmont	47	43,065		5,040	
Trentino Alto Adige	7	5,647		1,109	
Valle d'Aosta	1	1,767		67	
Veneto	36	30,306		6,214	
Total	248	264,985	49.5	78,185	61.0
CENTRE					
Abruzzo	12	25,307		4,713	
Lazio	27	54,235		14,491	
Marche	17	18,909		1,774	
Tuscany	47	57,831		6,885	
Umbria	15	24,699		2,732	
Total	118	180,981	33.8	30,595	23.8
SOUTH AND ISLANDS					
Basilicata	3	4,606		537	
Calabria	2	2,273		14	
Campania	10	20,451		1,726	
Molise	2	2,074		218	
Puglia	6	14,311		15,372	
Sardinia	10	19,967		346	
Sicily	12	25,658		1,281	
Total SOUTH AND ISLANDS	45	89,340	16.7	19,494	15.2
Total ITALY	411	535,306	100.0	128,274	100.0
France	0	2	0.0	0	0.0
OVERALL TOTAL	411	535,308		128,274	

Life business

Insurance and investment contracts in the Life business

The products currently offered by the parent company cover all insurance business lines.

The persistence of low interest rates led the parent company to review their policies through the progressive shift of the distribution to those with prevailing technical-insurance component, compared to products of pure financial component.

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

Premiums

The breakdown of premiums written for direct business between recurring and single premiums is as follows:

					(€/000)	
	30/06/2015	30/06/2014	YoY change %	% of total book		
				2015	2014	
Recurring premiums	23,755	20,883	13.8	18.5	15.8	
Annual premiums	104,519	112,520	-7.1	81.5	84.2	
Total Life business	128,274	133,403	-3.8	100.0	100.0	

Claims, accrued capital sums & annuities, and surrenders

The following table summarises data for direct business relating to claims, accrued capital sums and annuities, and surrenders as at 30.06.2015, compared with data for the same period in the previous year.

			(€/000)	
	30/06/2015	30/06/2014	YoY change	
			%	
Claims	13,374	11,995	11.5	
Accrued capital sums & annuities	47,507	21,774	118.2	
Surrenders	20,631	24,588	(16.1)	
Total	81,512	58,357	39.7	

Reinsurance

Outward reinsurance

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

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

In 1H15 ceded premiums amounted to €626 thousand (€600 as at 30 June 2014).

Inward reinsurance

In the Life business it is detected a traditional pure-premium treaty no longer fed, which reflects only the changes in the related portfolio.

Non-Life Business

Premiums

Direct premiums issued totalled €535,308 thousand (€513,003 thousand for the same period of the previous year), with an increase of 4.4%.

Performance by type

NON-MARINE

Premiums of the sector recorded an increase of 6.0% (12.5% at June 30, 2014).

The technical result is positive, a further improvement compared to the same period last year, thanks in part to the positive contribution of Personal injury line of business.

The analysis by line highlights:

Personal injury: premiums increased by 6.1%.

The technical result for the period is positive, an improvement compared to the same period last year, thanks to an underwriting policy of development on existing Motor line customers.

Illness: premiums increased by 7.2%. The technical result is positive, an improvement compared to the same period last year, thanks to the restructuring actions of the portfolio in progress for some time and, like the Accident Class, the development effort aimed at existing Motor line customers.

Fire and natural events: premiums grew by 4.9% (9.2% in the same period of the previous year). The technical result is positive, despite the extraordinary weather phenomena that occurred in the first quarter of the year, maintains a positive trend.

Other property damage: the increase in premiums is positive (+6.7%). The technical result, although an improvement on the same period of the previous year, thanks to the ongoing restructuring actions of the portfolio, remains negative.

General TPL: premiums were up 4.0%. The technical result is close to breakeven and net improvement compared to the same period of the previous year. Nevertheless, actions to reform the portfolio related to the Professional liabilities segment are still in progress.

Pecuniary losses: premiums written increased by 7.8%. The line has a positive technical result, a further improvement compared to the same period last year.

Legal protection: premiums increased by 7.6% and the technical balance remains positive.

SPECIAL BUSINESS

Marine, rail, ocean, lake, river hulls: premiums decreased slightly. The technical result is substantially balanced.

Cargo insurance: premiums written decreased by 6.6%, with a technical result which remained positive.

Credit: line of business includes only those risks relating to the Assignment of the Fifth Salary (CQS) for which there is a further reduction of the premiums, equal to 44.6%, in line with the more careful selection of risks. The technical balance remains negative, albeit a significant improvement compared to the same period last year.

Deposit: premiums written decreased by 7.3% also driven by a more rigorous underwriting policy. The technical result was negative, mainly due to the calling of guarantees provided in the building sector, a sharp economic downturn .

MOTOR BUSINESS

The motor business recorded a positive technical result.

The premiums increased by 4.1%, despite a further reduction in the average premium, with particular reference to the Motor TPL .

Land vehicle hulls: the premiums grew by 10.4% in further improvement compared with the same period last year, thanks to the policy of development of existing customers in the TPL Auto. The technical result was positive, although with a higher percentage of claims resulting from weather events.

Motor Third Party Liability - sea, lake, river vehicles: premiums increased by 2.6%. The constant action of portfolio selection, pricing policies and the proper handling of claims have helped maintain a positive technical result.

Assistance: premiums increased by 20.7% with a technical result remained positive.

Claims

Reported claims

The following chart, concerning reported claims, has been prepared using data from positions opened during 1H15. Data are compared with those for 1H14:

	30/06/15		30/06/14		Change %	
	number	total cost	number	total cost	number	total cost
Total non-motor businesses	24,538	80,220	23,235	68,707	5.6	16.8
Total Special businesses	648	11,423	849	8,517	-23.7	34.1
Total motor businesses	104,492	275,430	93,382	251,106	11.9	9.7
Total non-life businesses	129,678	367,073	117,466	328,330	10.4	11.8

(€/000)

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

Branch	Claim handling Type	30/06/2015		30/06/2014	
		Number	Total cost	Number	Total cost
Motor TPL - land	K-for-K - liable	44,925	89,117	40,057	80,069
Motor TPL - land	K-for-K - originator	51,818	129,120	46,036	116,819
Motor TPL - land	Non K-for-K claims	20,143	109,623	17,808	99,932
Motor TPL - watercraft	Non K-for-K claims	23	98	26	129
Total Motor T.P.L. claims handled		116,909	327,958	103,927	296,948

(€/000)

The parent company received no. 68,383 reports of claim events to be managed as originator (60,568 reports of claim in 1H14: +12.9%), against which it will complete recoveries from other insurers for a total of €90,003 thousand (€82,074 thousand at 30 June 2014: +9.7%), based on the forfeitary amounts established by the Ministry Technical Committee as per Article 13 of Italian Presidential Decree no. 254/2006.

Claims settlement speed

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

	(percentages)					
	current generation			previous generations		
	30/06/2015	30/06/2014	31/12/2014	30/06/2015	30/06/2014	31/12/2014
Accident insurance	27.59	25.74	55.06	49.94	49.00	72.35
Health insurance	63.62	55.38	80.88	60.11	38.04	84.13
Motor vehicle hulls	71.66	71.43	84.61	69.23	72.58	86.27
Fire and natural events	54.02	52.67	78.45	65.72	66.38	79.23
Miscellaneous damages - theft	62.81	58.32	86.27	78.73	80.08	89.15
Third-party motor liability	63.95	64.35	75.49	45.48	45.25	64.11
Third-party general liability	42.84	43.02	67.87	25.48	26.43	37.55

Claims paid

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

(€/000)

	Claims paid 30/06/15			Claims recovered from reinsurers	Claims paid 30/06/14			Claims recovered from reinsurers	Change gross claims %	Change claims recovered from reins. %
	Current year	Previous years	Total		Current year	Previous years	Total			
Total non-motor businesses	13,870	32,566	46,436	779	10,905	38,779	49,684	5,336	-6.5	-85.4
Total Special businesses	2,774	34,770	37,544	18,602	1,234	6,015	7,249	2,846	n.a.	n.a.
Total motor businesses	85,851	165,448	251,299	3,612	75,060	135,169	210,228	5,325	19.5	-32.2
Total non-life businesses	102,495	232,784	335,279	22,993	87,199	179,963	267,162	13,506	25.5	70.2

The cost includes the amount incurred in the period for the contribution to the guarantee fund for road-accident victims. This totalled €7,762 thousand vs. €7,495 thousand in 1H14.

Reinsurance

Outward reinsurance

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

The main treaties in place are the following:

Non-life business

Personal Injury
Land Vehicle Hulls
Marine Hulls
Cargo (goods in transit)
Fire and natural events
Other Property Damage

Type of treaty

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

Motor TPL
General TPL
Suretyship
Legal protection
Assistance

Ceded premiums in 1H15 totalled €11,619 thousand (€13,863 thousand in 1H14).

Inward reinsurance

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

Insurance risk management and analysis

Insurance risk management

Objectives

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

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

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

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

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

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

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

Policies

The Group intends to pursue the above objectives, namely the increase in premium volumes and the consolidation of the profitability of the same, through the constant support to the Sales Network.

The parent company then continues his training for both Agents and their collaborators, in the belief that the insurance sector still presents room for development in areas now considered niche, for which an adequate professional preparation is required and constantly updated. Also it is constantly reviewed and updated the products range, which is the best response possible to the needs of the market and the needs of the Group's profitability.

Not secondary is finally the policy of containing costs, thanks to the integrated management system headquarters/agency.

To permit control of risks to be taken, agents work in the context of independence that is constantly monitored and updated, defined by limits that vary depending on the type of guarantees and the size of the risk. Beyond these limits, the power to sign policies is attributed to the headquarters personnel.

Insurance risk analysis

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

Credit risk

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

(€/000)					
S&P/ A.M. Best / Moody's Rating	Current and Deposit accounts	Reinsurers' share of technical reserves	Total net balance sheet items		% of breakdown
AA+	27	79	106		0.2
AA	45	837	882		2.0
AA-	-1,030	20,659	19,629		44.7
A+	-6,114	15,603	9,489		21.5
A*	-1,167	6,645	5,478		12.4
A-	-364	1,421	1,057		2.4
BBB+	191	-186	5		0.0
BAA1**	-11	4,077	4,066		9.3
Not rated	1,422	1,697	3,119		7.1
Total	-7,001	50,832	43,831		100.0

* of which provided by A.M. Best for €1,897 thousand

** provided by Moody's

Concentration risk

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

Based on the analysis of premiums as at 30.06.2015, Non-Life business accounts for approximately 80.0% of total Group premiums, with 59.0% of this percentage referring to motor lines.

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

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

Earthquake exposure

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

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

Hail exposure

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

Flood exposure

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

Reserving risk and pricing risk

Non-life business

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

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

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

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

Life business

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

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

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

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

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

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

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

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

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

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

Policy conditions include the conditions for excluding the insurance cover.

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

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

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

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

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

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

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

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

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

Commercial organisation

In 1H15 3 new Agencies were opened, 14 were reorganised, while 1 was closed. As at 30.06.2015 the parent company was nationally present as follows:

	30/06/2015	30/06/2014	31/12/2014
Agencies	411	403	409
Sub-Agencies	938	797	922

Products - Research and Development

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

In the Life business, in May, began a sale of multi-class product with a financial content named "Vittoria InvestiMeglio DoppiaEvoluzione".

It also, began a sale of three new products with a mixed rate belonging to the LoB I named "Vittoria InvestiMeglio Evoluz10ne continua", "Vittoria InvestiMeglio Evoluz10ne Reinvestimento" and "Vittoria InvestiMeglio Evolu7ione Coupon".

As part of the differentiation by distribution channel were included in the range and commercialized two new products for the banking channel "Vittoria InvestiMeglio Evoluz10ne Coupon Banche" and "Vittoria InvestiMeglio Evoluz10ne Banche".

Overhead costs

Overhead costs – direct business

The total amount of insurance overhead costs (Non-Life and Life business) – consisting of personnel costs, various general expenses, plus depreciation of tangible assets and amortisation of intangible assets – rose to €53,588 thousand vs. €50,398 thousand in 1H14, increasing by 6.3%.

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

(€/000)			
ANALYSIS OF COSTS	30/06/2015	30/06/2014	Change
Personnel expenses	25,816	25,066	3.0%
Other costs	20,000	18,128	10.3%
Amortisation/Depreciation	7,772	7,204	7.9%
Total cost by nature	53,588	50,398	6.3%

Overhead costs as a percentage of total direct insurance premiums were 8.1% (vs. 7.8% in 1H14).

Operating costs

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

(€/000)			
	30/06/2015	30/06/2014	Change
Gross commissions and other acquisition costs	115,080	110,139	4.5%
Profit participation and other commissions received from reinsurers	-2,151	-2,243	-4.1%
Investment management costs	1,172	1,198	-2.2%
Other administrative costs	14,713	13,340	10.3%
Total	128,814	122,434	5.2%

Real estate business

The gross loss made by the real estate business, shown in the income statement by business and business line, amounted to €6.977 thousand (vs. a loss of €7,129 thousand in 1H14) and featured contributors to the income statement that, before intersegment eliminations, included:

- income earned on properties from trading and development totalling €2,493 thousand (€3,801 thousand in 1H14);
- revenues from real estate brokerage and management services of €793 thousand, from administrative services of €221 and rental income of €415 thousand, for a total amount of €1,429 thousand (€1,380 thousand in 1H14);
- financial expenses of €1,130 thousand (€2,929 thousand in 1H14);
- revenues from notarial deeds of €12,720 (€17,669 thousand in 1H14).

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

Trading and development

The following companies operate in this segment:

Vittoria Immobiliare SpA – Milan

100% direct equity interest

This company operates in real-estate development and trading, both directly and via special-purpose real-estate companies. Revenues from the sale of property in 1H15 amounted to €350 thousand (€552 thousand in HY14). Closing inventory totalled €19,525 thousand (€19,796 thousand as at 31 December 2014).

Immobiliare Bilancia Srl - Milan

100% direct equity interest

This company is active in real-estate trading and development. Revenues from the sale of property in 1H15 amounted to €1,640 thousand (€2,416 thousand in HY14). Closing inventory totalled €31,937 thousand (€32,328 thousand as at 31 December 2014).

Immobiliare Bilancia Prima Srl – Milan

100% direct equity interest

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

During the previous year, the company purchased a building plot located in Peschiera Borromeo, on which is planned the construction of four buildings. Closing inventory amounted to €48,403 thousand (€46,144 thousand as at 31 December 2014).

Acacia 2000 Srl – Milan

67.54% direct equity interest and 28.40% indirect equity interest via Vittoria Immobiliare S.p.A.

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

The earnings in 1H15 from the sale of property amounted to €10,085 thousand (€14,027 thousand in HY14) and the final inventory amounted to €221,099 thousand (€219,014 thousand as at 31 December 2014).

VRG Domus Srl. - Turin

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

The company, totalled a closing inventory of €11,797 thousand (€11,647 thousand as at 31 December 2014), related to the real estate operation named “Spina 1” in Turin and to a non residential property in Rome, Via della Vignaccia.

Vaimm Sviluppo Srl – Milan

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

The company is active in trading (after restructuring and refurbishment of buildings). The closing inventory of the building units located in Genoa in Piazza De Ferrari, Via Orefici and Via Conservatori del Mare amounted to €56,218 thousand (€56,073 thousand as at 31 December 2014).

Valsalaria Srl – Rome

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

The company is managing a real-estate project in the municipality of Rome. The earnings in 1H15 from the sale of property amounted to €370 thousand (€675 thousand in HY14) and closing inventory amounted to €3,889 thousand (€4,198 thousand as at 31 December 2014).

VP Sviluppo Srl – Milan

100% direct equity

The company is managing a real-estate project in the municipality of Peschiera Borromeo (MI). Revenues from the sale of property in 1H15 amounted to €275 thousand euro and the closing inventories amounted to €49,606 thousand euro (€46,905 thousand as at 31 December 2014).

Real Estate Brokerage Activities

In this segment the following companies are active:

Interimmobili Srl - Rome

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

In its real-estate brokerage activities, the company achieved commission revenue of €1,042 thousand, (€1,257 thousand in 1HY14), before infragroup eliminations.

In 1H15 the company continued to sell properties mainly in Rome, Turin and Milan based on sales mandates given by Group companies and premier institutional investors, social security & pension agencies, and building companies.

Project management contracts acquired by Interimmobili with Group companies generated revenues of €802 thousand (€895 thousand 1HY14).

Property management

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

Revenues achieved for this activity in 1H15 totalled €741 thousand (€486 thousand in HY14).

Overhead costs

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

	(€/000)		
ANALYSIS OF COSTS	30/06/2015	30/06/2014	Change
Personnel expenses	2,101	1,928	9.0%
Other costs	5,446	4,074	33.7%
Amortisation/Depreciation	399	352	13.4%
Total cost by nature	7,946	6,354	25.1%

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

Service business

This segment showed a gross profit in the period, as shown in the income statement by business and business line, of €536 thousand (loss of €919 thousand in 1H14).

Revenues for services rendered in 1H15 by group companies, before elimination of infra-group services, amounted to €5,345 thousand (€3,774 thousand in HY14). These revenues included €4,653 thousand for commissions and services rendered to the direct operating parent company (€3,377 thousand in HY14).

Overhead costs

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

	(€/000)		
ANALYSIS OF COSTS	30/06/2015	30/06/2014	Change
Personnel expenses	738	664	11.1%
Other costs	1,219	772	57.9%
Amortisation/Depreciation	20	17	17.7%
Total cost by nature	1,977	1,453	36.1%

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

Investments – Cash & cash equivalents - Property

Investments, cash & cash equivalents, and property reached a value of €3,133,555 thousand with a decrease of 0.7% vs. 31/12/2014. The detailed breakdown is shown in the following table:

		(€/000)		
INVESTMENTS - CASH AND CASH EQUIVALENTS - PROPERTY		30/06/2015	31/12/2014	Change
A	Investments in subsidiaries and associates and interests in joint ventures	24,756	22,292	11.1%
B	Held to maturity investments	56,173	56,709	-0.9%
	Loans and receivables	99,909	82,178	21.6%
	- Reinsurance deposits	175	175	
	- Other loans and receivables	99,734	82,003	
C	Financial assets available for sale	1,995,653	2,055,363	-2.9%
	- Equity investments	108,479	94,438	
	- OEIC units	49,471	32,475	
	- Bonds and other fixed-interest securities	1,837,703	1,928,450	
	Financial assets at fair value through profit or loss	68,724	65,681	4.6%
D	Financial assets held for trading	11	16	-31.3%
	- Bonds and other fixed-interest securities held for trading	11	16	
E	Financial assets at fair value through profit or loss	68,713	65,665	4.6%
	- Investments where policyholders bear the risk	68,713	65,665	
	Cash and cash equivalents	243,698	231,007	5.5%
F	Total Property	644,642	641,814	0.4%
	Investment property	87,177	88,440	-1.4%
	Property	557,465	553,374	0.7%
	Property under construction	316,146	312,915	
	Property held for trading	126,328	123,191	
	Owner-occupied property	114,991	117,268	
	TOTAL INVESTMENTS	3,133,555	3,155,044	-0.7%
of which				
	investments where the Group bears the risk	3,064,842	3,089,379	-0.8%
	investments where policyholders bear the risk	68,713	65,665	4.6%

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

		(€/000)									
Investments - Cash and cash equivalents - Property	Insurance Business		Real Estate Business		Service Business		Intersegment Eliminations		Total		
	30/06/2015	31/12/2014	30/06/2015	31/12/2014	30/06/2015	31/12/2014	30/06/2015	31/12/2014	30/06/2015	31/12/2014	
Investment property	87,177	88,440	-	-	-	-	-	-	87,177	88,440	
Investments in subsidiaries	429,191	271,541	-	-	-	-	-429,191	-271,541	-	-	
Investments in associates	24,019	21,446	63,373	563	283	283	-62,919	-	24,756	22,292	
Held to maturity investments	56,173	56,709	-	-	-	-	-	-	56,173	56,709	
Reinsurance deposits	175	175	-	-	-	-	-	-	175	175	
Other loans and receivables	95,833	73,922	7,401	8,081	-	-	-3,500	-	99,734	82,003	
Financial assets available for sale											
Equity investments	108,440	94,379	39	59	-	-	-	-	108,479	94,438	
OEIC units	49,471	32,475	-	-	-	-	-	-	49,471	32,475	
Bonds and other fixed-interest securities	1,837,703	1,928,450	-	-	-	-	-	-	1,837,703	1,928,450	
Financial assets at fair value through profit or loss:											
Investments where policyholders bear the risk	68,713	65,665	-	-	-	-	-	-	68,713	65,665	
Financial assets held for trading: Bonds and other fixed-interest securities	11	16	-	-	-	-	-	-	11	16	
Cash and cash equivalents	200,696	170,752	35,351	53,143	7,651	7,112	-	-	243,698	231,007	
Property under construction	-	-	309,685	312,915	-	-	6,461	-	316,146	312,915	
Property held for trading	-	-	123,696	120,559	-	-	2,632	2,632	126,328	123,191	
Owner-occupied property	91,973	93,947	23,018	23,321	-	-	-	-	114,991	117,268	
Total	3,049,575	2,897,917	562,563	518,641	7,934	7,395	-486,517	-268,909	3,133,555	3,155,044	

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

As at 30.06.2015 these investments amounted to €68,713 thousand, with an increase of 4,6% YoY. Of this amount, €52,336 thousand related to unit-linked policies and €16,377 thousand to the open-ended pension fund Vittoria Formula Lavoro. There was total net gain of €4,952 thousand (€3,142 thousand as at 30 June 2014).

As at 30.06.2015 the status of the three segments of Vittoria Assicurazioni open-ended pension fund was as follows:

	Members		Assets (€/000)	
	30/06/2015	31/12/2014	30/06/2015	31/12/2014
Previdenza Garantita	250	247	3,814	3,865
Previdenza Equilibrata	296	291	5,263	5,072
Previdenza Capitalizzata	338	339	7,259	6,636

Investments with risk borne by Group

Investments with risks borne by the Group totalled €3,064,842 thousand (€3,089,379 thousand as at 31 December 2014).

The following transactions took place during the 1H15:

A) Investments in subsidiaries, associates and joint ventures:

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

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

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

Held directly with a 48.19% interest

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

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

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

As of 30 June 2015 the company net worth amounted to €1,058 thousand.

Movincom Servizi S.p.A.

Held directly with a 46,65% interest

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

The players with whom Movincom Servizi S.p.A. cooperates on a daily basis with the objective of developing a winning model for mobile business that can be adopted by end users are merchants,

members and associates of the Movincom Consortium, payment operators adhering to the bemoov@ initiative and telecommunications companies.

As of 30 June 2015 the company net worth amounted to €3,423 thousand.

Yarpa S.p.A. - Italy

Held directly with a 27.31% interest

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

As of 30 June 2015 the company net worth amounted to €52,080 thousand.

B) Held-to-maturity investments:

The main transactions during the period were as follows:

- redemption of bonds in the amount of €113 thousand;

C) Financial assets available for sale:

The main transactions during the period were as follows:

- repayment of bonds for €183,500 thousand;
- purchase of Italian government bonds at a fixed rate per €153,745 thousand;
- sold of Italian government bonds at a fixed rate per €14,721 thousand realizing gains for €2,460 thousand;
- with reference to the closed-end funds managed by Italian law Yarpa Investments SGR SpA, a wholly-owned subsidiary of Yarpa SpA paid €5,515 thousand to recall funds, and received accreditation for €6,025 thousand for partial redemption of units;
- collected €16 thousand as a partial advance of the liquidation of Swissair bond in default accounted as a capital gain;
- subscribed for €10,000 thousand shares of two open Alternative Investment Funds (Private Debt/Loans fund);
- subscribed for €3,923 thousand shares of closed Alternative Investment Funds (of which Infrastructure fund for €974 thousand and Private Debt fund for €2,949 thousand) and received reimbursements for €2,196 thousand with detection of €35 thousand of capital gains and capital losses of €10 thousand;
- received €20 thousand arising from the ongoing liquidation process of Bcc Apuana S.c. in liquidation .

D) Financial assets held for trading:

- no changes occurred in the period.

F) Property

As at 30 June 2015, properties totalled €644,642 thousand (0.4% compared to 31 December 2014). The table below shows a breakdown of these properties and the changes for the period.

	(€/000)				
	Investment Property	Property under construction	Property held for trading	Owner- occupied property	Total
Balance as at 31/12/2014	88,440	312,915	123,191	117,268	641,814
Purchase and capitalised interests paid					
- MILAN - Parco Vittoria (via Acacia 2000 S.r.l.)	-	10,042	-	-	10,042
- MILAN - Portello Area (via Vittoria Assicurazioni S.p.A.)	419	-	-	-	419
- SAN DONATO MILANESE (MI) - (via Immobiliare Bilancia S.r.l.)	-	7	-	-	7
- SAN DONATO MILANESE (MI) - (via Vittoria Immobiliare S.p.A.)	-	1	-	-	1
- ROME (via Immobiliare Bilancia Prima S.r.l.)	-	-	21	-	21
- ROME - Guattani Str. - (via Immobiliare Bilancia S.r.l.)	-	-	50	-	50
- TURIN - Barbaroux Str. - (via Vittoria Immobiliare S.p.A.)	-	-	1	-	1
- GENOA - De Ferrari Sq., Conservatori del Mare Str., Orefici Str. (via Vaimm Sviluppo S.r.l.)	-	-	144	-	144
- MILAN - Adamello Str. (via Immobiliare Bilancia Prima S.r.l.)	-	-	68	-	68
- PESCHIERA BORROMEO (MI) - (via VP Sviluppo S.r.l.)	-	2,976	-	-	2,976
- PESCHIERA BORROMEO (MI) (tramite Immobiliare Bilancia I S.r.l.)	-	-	1,820	-	1,820
- FLORENCE - Viale Michelangelo (via Immobiliare Bilancia S.r.l.)	-	-	964	-	964
- ROME - Meliconi Str. - (via Immobiliare Bilancia Prima S.r.l.)	-	-	318	-	318
- ROME - Della Vignaccia Str. - (via VRG Domus S.r.l.)	-	150	-	-	150
- PARMA - (via Immobiliare Bilancia Prima S.r.l.)	-	33	-	-	33
- Miscellaneous	-	0	-	5	5
Total purchase and capitalised interests paid	419	13,209	3,386	5.00	17,019
Sales:					
- MILAN - Parco Vittoria (via Acacia 2000 S.r.l.)	-	(10,085)	-	-	(10,085)
- TURIN - Barbaroux Str. (via Vittoria Immobiliare S.p.A.)	-	-	(320)	-	(320)
- PESCHIERA BORROMEO (MI) - (via VP Sviluppo S.r.l.)	-	(275)	-	-	(275)
- ROME - (via Valsalaria S.r.l.)	-	(370)	-	-	(370)
- MILAN - San Donato Milanese (via Vittoria Immobiliare S.p.A.)	-	(30)	-	-	(30)
- MILAN - San Donato Milanese (via Immobiliare Bilancia S.r.l.)	-	(1,640)	-	-	(1,640)
Total sales	-	(12,400)	(320)	-	(12,720)
Depreciations	(1,682)	-	-	(2,282)	(3,964)
Recognised gains	-	2,422	71	-	2,493
Balance as at 30/06/2015	87,177	316,146	126,328	114,991	644,642

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

Gains and losses on investments

The following table shows the breakdown as at 30.06.2015 of net gains on investments:

(€/000)				
Gains and losses on investments	Realised gains/ (losses)	Unrealised gains/ (losses)	30/06/2015 total net gains/(losses)	30/06/2014 total net gains/(losses)
Investments	38,863	2,345	41,208	34,584
From:				
a investment property	1,233	-1,682	-449	-1,800
b investments in subsidiaries and associates and interests in joint ventures	2,241	-	2,241	-137
c held to maturity investments	1,098	-	1,098	1,209
d loans and receivables	264	55	319	650
e financial assets available for sale	33,052	-	33,052	31,506
f financial assets held for trading	-	-5	-5	14
g financial assets at fair value through profit or loss	975	3,977	4,952	3,142
Other receivables	284	-	284	252
Cash and cash equivalents	708	-	708	1,128
Financial liabilities	-1,362	-4,952	-6,314	-6,386
From:				
b financial liabilities at fair value through profit or loss	-	-4,952	-4,952	-3,142
c other financial liabilities	-1,362	-	-1,362	-3,244
Total gains and losses on financial instruments	38,493	-2,607	35,886	29,578
Real estate business				
From:				
a Gains on property trading	2,493	-	2,493	3,801
b Rent income on owner-occupied property and property held for trading	539	-	539	409
Total real estate business	3,032	-	3,032	4,210
Total gains and losses on investments	41,525	-2,607	38,918	33,788

Net gains on investments where the risk is borne by Group amounted to €38,918 thousand, increasing by 15.2% vs. 30 June 2014.

As up to 30.06.2015 the weighted average return on "Bonds and other fixed-income securities" was 3.95% as compared with 3.90% in 1H14.

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

(€/000)										
Net income on investments	Insurance Business		Real Estate Business		Service Business		Intersegment Eliminations		Total	
	30/6/15	30/6/14	30/6/15	30/6/14	30/6/15	30/6/14	30/6/15	30/6/14	30/6/15	30/6/14
Gains or losses on remeasurement of financial instruments at fair value through profit or loss	-5	14	-	-	-	-	-	-	-5	14
Gains or losses on investments in subsidiaries and associates and interests in joint ventures	2,536	12	-151	-349	-186	-	42	200	2,241	-137
Gains or losses on other financial instruments and investment property	34,631	32,257	-1,013	-2,583	32	32	-	-5	33,650	29,701
Gains on property trading	-	-	2,493	3,801	-	-	-	-	2,493	3,801
Rent income on owner-occupied property and p	159	113	416	342	-	-	-36	-46	539	409
Total	37,321	32,396	1,745	1,211	-154	32	6	149	38,918	33,788

Financial liabilities

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

(€/000)			
FINANCIAL LIABILITIES	30/06/2015	31/12/2014	Change
Financial liabilities where the investment risk is borne by policyholders and arising from pension fund management	68,713	65,665	4.6%
- Financial liabilities where the investment risk is borne by policyholders relating to index- and unit-linked policies	52,336	50,077	
- Financial liabilities where the investment risk is borne by policyholders relating to pension funds	16,377	15,588	
Othe financial liabilities	168,747	314,166	-46.3%
- Reinsurance deposits	15,856	15,856	
- Payables to banks	93,395	250,872	
- Other financial payables	1,886	3,082	
- Other financial liabilities	57,610	44,356	
TOTAL FINANCIAL LIABILITIES	237,460	379,831	-37.5%

The significant reduction in this item is attributable to the repayment by the subsidiary Acacia 2000 of mortgage financing in place for a total of €121,225 thousand.

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

Investment and financial risk management & analysis policies

Financial risk management

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

Investment policies: objectives

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

- A) Life and Non-Life investments with risk borne by the Group
- Assure the Group's capital soundness by means of a policy of limitation of potential portfolio loss risk following adverse changes in interest rates, equity prices, and exchange rates;
 - Limit credit risk by giving preference to investments in issuers with high ratings;
 - Assure adequate investment diversification, also prudently taking opportunities arising in the real estate sector;
 - For the Life segment, assure a stable return higher than the technical rate envisaged by contracts in force, optimising management of expected cash flows consistently with insurance liabilities;

- For the Non-Life segment, assure both a stable return in line with the forecasts factored into product tariffs and positive cash flows also able to address scenarios featuring any significant increase in claims cost and settlement speed;
- Monitor the securities portfolio duration in relation to liabilities' duration;
- Give preference to continuity of returns rather than to achievement of high returns in limited periods of time;
- Protect investments' value from exchange-rate fluctuations also via use of financial derivatives.

B) Life investments with risk borne by policyholders

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

Procedures

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

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

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

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

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

Financial risk analysis

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

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

Securities portfolio breakdown

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

(€/000)				
Investment nature	Amount 30/06/2015	% of breakdown	Amount 31/12/2014	% of breakdown
DEBT SECURITIES	1,893,887	92.3%	1,985,175	94.0%
Listed treasury bonds:	1,859,508	90.6%	1,950,421	92.4%
Fixed-interest rate	1,785,543	87.0%	1,875,623	88.9%
Variable interest rate	73,965	3.6%	74,798	3.5%
Unlisted treasury bonds:	1,281	0.1%	1,381	0.1%
Variable interest rate	1,281	0.1%	1,381	0.1%
Listed corporate bonds:	27,914	1.4%	28,254	1.3%
Fixed-interest rate	19,558	1.0%	19,860	0.9%
Variable interest rate	8,356	0.4%	8,394	0.4%
Unlisted corporate bonds:	74	0.0%	88	0.0%
Fixed-interest rate	74	0.0%	88	0.0%
Bonds of supranational issuers:	5,110	0.2%	5,031	0.2%
Fixed-interest rate	5,110	0.2%	5,031	0.2%
of which				
Total fixed-interest securities	1,810,285	95.6%	1,900,602	95.7%
Total variable-interest securities	83,602	4.4%	84,573	4.3%
Total debt securities	1,893,887	100.0%	1,985,175	100.0%
of which				
Total listed securities	1,892,532	100.0%	1,983,706	99.9%
Total unlisted securities	1,355	0.0%	1,469	0.1%
Total debt securities	1,893,887	100.0%	1,985,175	100.0%
EQUITY INSTRUMENTS	108,479	5.3%	94,438	4.5%
listed shares	10,777	0.5%	8,296	0.4%
unlisted equity instruments	97,702	4.8%	86,142	4.1%
OEIC UNITS	49,471	2.4%	32,475	1.6%
TOTAL	2,051,837	100.0%	2,112,088	100.0%

The fixed-income securities portfolio has a duration of 4.7 years.

Market risk

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

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

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

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

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

The carrying value of fixed-interest debt securities exposed to interest-rate risk on fair value totalled €1,810,285 thousand (95.6% of the bond portfolio with investment risk borne by the Group), of which €1,780,538 classified as available for sale.

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

	(€ '000)
Fixed-interest securities at fair value	Amount
Carrying amount as at 30/06/2015	1,780,538 ⁽¹⁾
Change	
100 BP increase	-84,975
100 BP decrease	63,128

(1) of which € 855,343 thousand allocated to the segregated fund.

The carrying value of floating-rate debt securities exposed to interest-rate risk on cash flows totalled €83,602 thousand (4.4% of the bond portfolio with investment risk borne by the Group). In order to indicate the sensitivity of floating-rate securities' cash flows, we point out that a 100-bp positive or negative change in interest rates would respectively cause higher or lower interest receivable of €846 thousand and €516 thousand.

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

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

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

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

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

Fixed - interest securities		(€/000)	
Maturity	Amount	% of breakdown	
< 1 year	166,490	9.2%	
1<X<2	316,828	17.5%	
2<X<3	109,562	6.1%	
3<X<4	151,302	8.4%	
4<X<5	158,645	8.8%	
5<X<10	720,826	39.7%	
more	186,632	10.3%	
Total	1,810,285	100.0%	

Variable - interest securities			(€/000)	
Type of rate	Indexation	Amount	% of breakdown	
Constant mat. Swap	Euroswap 10Y	25,146	30.1%	
Constant mat. Swap	Euroswap 30Y	9,197	11.0%	
variable	3 months treasury bonds	1,281	1.5%	
Variable	6 months treasury bonds	43,207	51.7%	
Variable	other	4,771	5.7%	
Total		83,602	100.0%	

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

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

As regards interest-rate risk, it is pointed out, lastly, that the Group holds floating-rate financial liabilities, mainly consisting of real estate companies' bank borrowings, totalling €83,005 thousand. In order to indicate their sensitivity, it should be noted that an increase of 100 BP curve in interest rates would increase interest expense by €830 thousand.

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

If the listed shares classified as "Available-for-sale financial assets" had suffered a 10% loss as at 30.06.2015, equity attributable to parent company shareholders would have decreased by €1,077 thousand.

The Group is not exposed to foreign exchange risk since, as at 30.06.2015, nearly all investments for which it bears the risk were expressed in euro, observing the principle of consistency with technical reserves.

Liquidity risk

The group is daily required to execute payments arising from insurance and investment contracts. The liquidity risk is the risk that available funds may not be sufficient to meet obligations. It is constantly monitored by means of the integrated ALM procedure.

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

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

As at 30.06.2015 financial assets listed in a regulated market accounted for over 95% of financial assets owned.

Credit risk

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

As can be seen in the table below, as at 30.06.2015 nearly all bonds held by the group were rated as investment grade.

	(€/000)	
Rating (Standard & Poor's)	Amounts	% of breakdown
AAA	5,110	0.3%
AA+ / AA-	13,297	0.7%
A+ / A-	3,823	0.2%
BBB+ / BBB- (*)	1,871,645	98.8%
Total investment grade	<u>1,893,875</u>	<u>100.0%</u>
Non investment grade	12	0.0%
Total	1,893,887	100.0%

(*) of which €1,863,287 related to Italian Government bonds

Other risks

The Group has identified other significant risks in addition to those previously exposed:

Operational risk

Operational risk measures the probability of loss resulting from inadequate or failed internal processes, personnel or systems, or from external events. Operational risks are related to internal factors and external events (such as the inefficiency of people, inadequate processes, inadequate systems, internal and external fraud, the activity of the outsourcer).

The management and monitoring of this risk is being implemented first where the risk itself originates. In this sense, the company functions are required to the application of appropriate control mechanisms to mitigate risks associated with specific operations, which would assure to all levels a structured and regular course of business, compliance with internal and external regulations and the principles of sound and prudent management.

The parent company, Vittoria Assicurazioni SpA, also reinforces the culture on operational risk management through training initiatives organized by the human resources department.

The goal of the parent company in the definition of the process of managing and monitoring operational risk is embodied in their evaluation with a view to current and foreseeable, identifying quantitative evaluations and in undertaking actions aimed at preventing risks or timely mitigation of the same.

Risk of non-compliance

Within the system of risk management, the Compliance function is the group division that oversees the risk of non-compliance, in order to prevent the risk of incurring in legal or administrative sanctions, financial losses or damage to reputation, for having violated laws, regulations or decisions of the supervisory authority or self-regulatory rules.

The Compliance also provides support to top management and to organizational structures through action, in coordination with other functions involved, targeted to correct and implement new organizational strategies and operational behaviors.

Reputational risk

Reputational risk is defined as the risk of a decline in profits or capital due to a negative perception of the Group by its main stakeholders (customers, shareholders, investors, lenders, supervisory authorities, employees, contractors, distribution network, suppliers, general public, etc.). The judgment of appreciation is usually linked to the quality of the organization, the characteristics and behaviors that derive from experience, from hearsay or from observation of past actions of the organization.

Risks related to the Group or the risk of "contagion"

The Risks related to the Group or the risk of "contagion", represents the risk of the propagation of difficult situation that arise in an entity of the same group, with negative effects on the solvency of the parent company itself, as a result of the relationship between the parent company and other Group entities. In the present case is included the risk of conflict of interest which is managed by the Related Parties Procedure adopted by the parent company, which defines the rules, procedures and principles necessary to ensure the transparency and substantive and procedural fairness of transactions carried out with parties Parent Company's related.

Infragroup and related-party transactions

Transactions with group companies referred to the normal course of business, using specific professional skills at going market rates. There were no atypical or unusual transactions. This section presents financial and business transactions occurring during 1H15 with group companies, excluding those with companies consolidated on a 100% line-by-line basis. The following table summarises the most significant economic and financial dealings with Group companies not included in the scope of consolidation and with directors, statutory auditors, and managers with strategic responsibilities.

(€/000)

Related parties	Other receivables	Loans	Commitments for subscription of private equity investments	Other payables	Revenues	Costs
Associates	358	11,876	651	512	6	2,198
Total	358	11,876	651	512	6	2,198

Transactions and relationships with parent companies

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

Transactions and relationships with subsidiaries

The Parent Company has confirmed, for the three-year period 2014-2016, that it has opted for the national tax consolidation scheme (Article 117 *et seq* of Italian Presidential Decree 917 of 22 December 1986) in relation to the subsidiaries Immobiliare Bilancia S.r.l., Immobiliare Bilancia Prima S.r.l., Acacia 2000 S.r.l., VAIMM Sviluppo S.r.l., Vittoria Properties S.r.l. and Valsalaria S.r.l..

For the three-year period 2015-2017 the national tax consolidation option will be renewed in relation to the subsidiaries Vittoria Immobiliare S.p.A., Gestimmobili S.r.l., Interimmobili S.r.l., Interbilancia S.r.l., VRG Domus S.r.l. and the option will be exercised by the subsidiary VP Sviluppo S.r.l..

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

Relations and transactions with associates

Yarpa S.p.A. - Genoa

27.31% direct equity interest

Vittoria Assicurazioni has recognised €651 thousand under loans to associates and under financial liabilities for the commitment to subscribe to private equity investments through the associate.

S.In.T. S.p.A. – Turin

48.19% direct equity interest

The parent company used the services of S.In.T. S.p.A. for commercial agreements made by the parent company, for an aggregate cost of €2,148 thousand and granted the associate an interest bearing shareholder loan, which has a balance of €500 thousand.

Mosaico S.p.A. – Turin

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

The subsidiary Vittoria Immobiliare S.p.A. granted the associate an interest bearing shareholder loan, which has a balance of €1,614 thousand (€1,369 thousand as at 31 December 2014).

Pama & Partners S.r.l. – Genoa

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

The subsidiary Vittoria Immobiliare S.p.A. granted the associate a non-interest bearing shareholder loan, which has a balance of €500 thousand, unchanged from 31 December 2014.

VZ Real Estate S.r.l. – Turin

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

The subsidiary Vittoria Immobiliare S.p.A. gave the associate a non-interest bearing shareholder loan, which has a balance of €3,479 thousand (€2,751 thousand as at 31 December 2014).

Fiori di S. Bovio S.r.l. – Milan

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

The subsidiary Vittoria Immobiliare S.p.A. gave the associate an interest bearing shareholder loan, which has a balance of €1,808 thousand (€1,852 thousand as at 31 December 2014).

Spefin Finanziaria S.p.A. - Rome

21.00% equity interest via Interbilancia S.r.l.

The parent company granted the associate an interest bearing loan, which has a balance of €3,975 thousand (€5,000 thousand as at 31 December 2014).

Significant events occurring after the first half 2015 and outlook

In July, the Parent Company acquired an additional stake of 9.0% of Touring Vacanze S.r.l., bringing to 46.0% its stake in the Company.

The Group half year result, in line with the strategic plan of the year, calls for a confirmation of a steady strengthening of capital, in light of Solvency II regulations which will come into force in 2016.

The Board of Directors

Milan, 30 July 2015

Condensed Consolidated 2015 half year financial statements

Vittoria Assicurazioni S.p.A.
Condensed Consolidated financial statements as at 30 June 2015
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)

ASSETS		Note	30/06/2015	31/12/2014
1	INTANGIBLE ASSETS		24,646	27,692
1.1	Goodwill	1	0	0
1.2	Other intangible assets	2	24,646	27,692
2	PROPERTY, PLANT AND EQUIPMENT		567,287	563,314
2.1	Property	2	557,465	553,374
2.2	Other items of property, plant and equipment	2	9,822	9,940
3	REINSURERS' SHARE OF TECHNICAL RESERVES	3	51,931	60,501
4	INVESTMENTS		2,332,392	2,370,663
4.1	Investment property	4	87,177	88,440
4.2	Investments in subsidiaries and associates and interests in joint ventures	5	24,756	22,292
4.3	Held to maturity investments	6	56,173	56,709
4.4	Loans and receivables	6	99,909	82,178
4.5	Financial assets available for sale	6	1,995,653	2,055,363
4.6	Financial assets at fair value through profit or loss	6	68,724	65,681
5	OTHER RECEIVABLES		187,362	213,459
5.1	Receivables relating to direct insurance	7	131,349	173,982
5.2	Receivables relating to reinsurance business	8	10,540	4,251
5.3	Other receivables	9	45,473	35,226
6	OTHER ASSETS		156,652	183,322
6.1	Non-current assets or assets of a disposal group classified as held for sale		0	0
6.2	Deferred acquisition costs	10	7,559	7,487
6.3	Deferred tax assets	11	118,803	126,637
6.4	Current tax assets	12	24,864	24,229
6.5	Other assets	13	5,426	24,969
7	CASH AND CASH EQUIVALENTS	14	243,698	231,007
	TOTAL ASSETS		3,563,968	3,649,958

Vittoria Assicurazioni S.p.A.

Condensed Consolidated financial statements as at 30 June 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)

EQUITY AND LIABILITIES		Note	30/06/2015	31/12/2014
1	EQUITY		650,520	627,318
1.1	attributable to the shareholders of the parent		641,030	614,528
1.1.1	Share capital	15	67,379	67,379
1.1.2	Other equity instruments	15	0	0
1.1.3	Equity-related reserves	15	33,874	33,874
1.1.4	Income-related and other reserves	15	394,229	335,846
1.1.5	(Treasury shares)	15	0	0
1.1.6	Translation reserve	15	0	0
1.1.7	Fair value reserve	15	104,697	105,312
1.1.8	Other gains or losses recognised directly in equity	15	57	-212
1.1.9	Profit for the year attributable to the shareholders of the parent		40,794	72,329
1.2	attributable to minority interests	15	9,490	12,790
1.2.1	Share capital and reserves attributable to minority interests		9,500	12,820
1.2.2	Gains or losses recognised directly in equity		0	0
1.2.3	Profit for the year attributable to minority interests		-10	-30
2	PROVISIONS	16	5,339	4,872
3	TECHNICAL RESERVES	17	2,493,060	2,434,695
4	FINANCIAL LIABILITIES		237,460	379,831
4.1	Financial liabilities at fair value through profit or loss	18	68,713	65,665
4.2	Other financial liabilities	18	168,747	314,166
5	PAYABLES		78,560	90,415
5.1	Payables arising from direct insurance business	19	10,146	11,444
5.2	Payables arising from reinsurance business	20	1,860	7,254
5.3	Other sums payable	21	66,554	71,717
6	OTHER LIABILITIES		99,029	112,827
6.1	Liabilities of a disposal group held for sale		0	0
6.2	Deferred tax liabilities	22	60,020	71,012
6.3	Current tax liabilities	23	1,668	1,919
6.4	Other liabilities	24	37,341	39,896
	TOTAL EQUITY AND LIABILITIES		3,563,968	3,649,958

Vittoria Assicurazioni S.p.A.

Condensed Consolidated financial statements as at 30 June 2015

(€/000)

Income Statement		Note	30/06/2015	30/06/2014	31/12/2014
1.1	Net premiums		636,910	615,346	1,232,708
1.1.1	<i>Gross premiums</i>	25	649,295	630,369	1,269,854
1.1.2	<i>Ceded premiums</i>	25	12,385	15,023	37,146
1.2	Commission income	26	262	389	751
1.3	Gains or losses on remeasurement of financial instruments at fair value through profit or loss	27	-5	14	2
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	27	2,793	739	3,165
1.5	Gains on other financial instruments and investment property	27	38,166	36,427	86,715
1.5.1	<i>Interest income</i>		32,719	34,044	68,907
1.5.2	<i>Other income</i>		2,882	1,834	4,065
1.5.3	<i>Realised gains</i>		2,510	549	13,742
1.5.4	<i>Unrealised gains</i>		55	0	1
1.6	Other income	28	7,816	9,879	14,418
1	TOTAL REVENUE		685,942	662,794	1,337,759
2.1	Net charges relating to claims		467,022	443,833	901,041
2.1.1	<i>Amounts paid and change in technical reserves</i>	25	484,203	453,436	933,887
2.1.2	<i>Reinsurers' share</i>	25	-17,181	-9,603	-32,846
2.2	Commission expense	29	0	14	26
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	27	552	876	1,847
2.4	Losses on other financial instruments and investment property	27	4,516	6,726	11,709
2.4.1	<i>Interest expense</i>		1,362	3,244	5,451
2.4.2	<i>Other expense</i>		1,462	1,887	2,558
2.4.3	<i>Realised losses</i>		10	0	0
2.4.4	<i>Unrealised losses</i>		1,682	1,595	3,700
2.5	Operating costs		132,905	125,314	255,424
2.5.1	<i>Commissions and other acquisition costs</i>	30	108,276	104,519	209,226
2.5.2	<i>Investment management costs</i>	30	1,172	1,198	2,764
2.5.3	<i>Other administrative costs</i>	30	23,457	19,597	43,434
2.6	Other costs	31	21,400	27,166	48,546
2	TOTAL COSTS		626,395	603,929	1,218,593
	PROFIT FOR THE YEAR BEFORE TAXATION		59,547	58,865	119,166
3	Income taxes	32	18,763	21,524	46,867
	PROFIT FOR THE YEAR		40,784	37,341	72,299
4	GAIN (LOSS) ON DISCONTINUED OPERATIONS		0	0	0
	CONSOLIDATED PROFIT (LOSS)		40,784	37,341	72,299
	of which attributable to the shareholders of the parent		40,794	37,184	72,329
	of which attributable to minority interests	15	-10	157	-30
	Basic EARNINGS per share		0.61	0.55	1.07
	Diluted EARNINGS per share		0.61	0.55	1.07

Vittoria Assicurazioni S.p.A.

Condensed Consolidated financial statements as at 30 June 2015

	(€/000)		
	30/06/2015	30/06/2014	31/12/2014
COMPREHENSIVE INCOME (LOSS)			
CONSOLIDATED PROFIT (LOSS)	40,784	37,341	72,299
Other comprehensive income, net of taxes without reclassification to profit or loss	269	- 307	- 562
Changes in the equity of investees	-	-	-
Changes in intangible asset revaluation reserve	-	-	-
Changes in tangible asset revaluation reserve	-	-	-
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	-	-	-
Actuarial gains and losses and adjustments related to defined benefit plans	269	- 307	- 562
Other items	-	-	-
Other comprehensive income, net of taxes with reclassification to profit or loss	- 615	43,853	51,929
Change in translation reserve	-	-	-
Gains or losses on available for sale investments	- 615	43,853	51,929
Gains or losses on hedging instruments	-	-	-
Gains or losses on hedging instruments of net investment in foreign operations	-	-	-
Changes in the equity of investees	-	-	-
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	-	-	-
Other items	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME	-346	43,546	51,367
TOTAL CONSOLIDATED COMPREHENSIVE INCOME (LOSS)	40,438	80,887	123,666
of which attributable to the shareholders of the parent	40,448	80,730	123,696
of which attributable to minority interests	-10	157	-30

Vittoria Assicurazioni S.p.A.
Condensed Consolidated financial statements as at 30 June 2015
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Balance at 31/12/2013	Adjustment to closing balance	Allocation	Reclass. to profit or loss	Other reclassifications	Changes in ownership interests	Balance at 30/06/2014
Equity attributable to the shareholders of the parent	Share capital	67,379	0	0		0		67,379
	Other equity instruments	0	0	0		0		0
	Equity-related reserves	33,874	0	0		0		33,874
	Income-related and other reserves	297,933	0	53,530		(12,128)	(3,471)	335,864
	(Treasury shares)	0	0	0		0		0
	Profit/(Loss) for the year	53,530	0	-16,346		0		37,184
	Other comprehensive income	53,733	0	43,047	499	0		97,279
	Total attributable to the shareholders of the parent	506,449	0	80,231	499	-12,128	(3,471)	571,580
Equity attributable to minority interests	Share capital and reserves attributable to minority interests	21,625	0	454		0	-9,230	12,849
	Gains or losses recognised directly in equity	454	0	(297)		0		157
	Other comprehensive income	0	0	0		0	0	0
	Total attributable to minority interests	22,079	0	157	0	0	(9,230)	13,006
Total	528,528	0	80,388	499	-12,128	(12,701)	584,586	

(€/000)

		Balance at 31/12/2014	Adjustment to closing balance	Allocation	Reclass. to profit or loss	Other reclassifications	Changes in ownership interests	Balance at 30/06/2015
Equity attributable to the shareholders of the parent	Share capital	67,379	0	0		0		67,379
	Other equity instruments	0	0	0		0		0
	Equity-related reserves	33,874	0	0		0		33,874
	Income-related and other reserves	335,846	0	72,329		-12,802	-1,144	394,229
	(Treasury shares)	0	0	0		0		0
	Profit/(Loss) for the year	72,329	0	(31,535)		0		40,794
	Other comprehensive income	105,100	0	1,060	-1,406	0	0	104,754
	Total attributable to the shareholders of the parent	614,528	0	41,854	(1,406)	(12,802)	(1,144)	641,030
Equity attributable to minority interests	Share capital and reserves attributable to minority interests	12,820	0	(30)		0	(3,290)	9,500
	Gains or losses recognised directly in equity	(30)	0	20		0		(10)
	Other comprehensive income	0	0	0	0	0	0	0
	Total attributable to minority interests	12,790	0	(10)	0	0	(3,290)	9,490
Total	627,318	0	41,844	(1,406)	(12,802)	(4,434)	650,520	

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

Vittoria Assicurazioni S.p.A.

Condensed Consolidated financial statements as at 30 June 2015

CONSOLIDATED STATEMENTS OF CASH FLOW - INDIRECT METHOD

(€/000)

	30/06/2015	30/06/2014
Profit for the year before taxation	59,547	58,865
Change in non-monetary items	82,515	175,486
Change in non-life premium reserve	14,487	16,881
Change in claims reserve and other non-life technical reserves	14,779	55,696
Change in mathematical reserves and other life technical reserves	37,669	105,574
Change in deferred acquisition costs	-72	-76
Change in provisions	467	2,673
Non-monetary gains and losses on financial instruments, investment property and investments in subsidiaries and associates and interests in joint ventures	2,241	-137
Other changes	12,944	-5,125
Change in receivables and payables arising from operating activities	14,242	11,533
Change in receivables and payables relating to direct insurance and reinsurance	29,652	32,013
Change in other receivables and payables	-15,410	-20,480
Taxes paid	-18,763	-21,524
Net cash flow generated by/used for monetary items from investing and financing activities	5	-33
Liabilities from financial contracts issued by insurance companies	3,048	2,715
Payables to bank and interbank customers	0	0
Loans and receivables from bank and interbank customers	0	0
Other financial instruments at fair value through profit or loss	-3,043	-2,748
NET CASH FLOW FROM OPERATING ACTIVITIES	137,546	224,327
Net cash flow generated by/used for investment property	0	0
Net cash flow generated by/used for investments in subsidiaries and associated companies and interests in joint ventures	-4,436	-3,833
Net cash flow generated by/used for loans and receivables	-17,731	2,193
Net cash flow generated by/used for held to maturity investments	536	10,993
Net cash flow generated by/used for financial assets available for sale	59,095	-190,591
Net cash flow generated by/used for property, plant and equipment	-927	6,873
Other net cash flows generated by/used for investing activities	0	0
NET CASH FLOW FROM INVESTING ACTIVITIES	36,537	-174,365
Net cash flow generated by/used for equity instruments attributable to the shareholders of the parent	0	0
Net cash flow generated by/used for treasury shares	0	0
Dividends distributed to the shareholders of the parent	-12,802	-12,128
Net cash flow generated by/used for share capital and reserves attributable to minority interests	-3,171	-11,282
Net cash flow generated by/used for subordinated liabilities and equity instruments	0	0
Net cash flow generated by/used for other financial liabilities	-145,419	-16,028
NET CASH FLOW FROM FINANCING ACTIVITIES	-161,392	-39,438
Effect of exchange rate gains/losses on cash and cash equivalents	0	0
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	231,007	167,120
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,691	10,524
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	243,698	177,644

Notes to the consolidated interim financial statements

The notes to the consolidated interim financial statements comprise:

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

Principles used in the preparation of the following Notes, are described in section “Form and content” and “policies” on page 6.

Notes of a general nature

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

A) Consolidation scope

Name	Registered offices	Share Capital Euro	% Ownership		Via
			Direct	Indirect	
Vittoria Assicurazioni S.p.A.	Milan	67,378,924			
Vittoria Immobiliare S.p.A.	Milan	112,418,835	100.00		
Immobiliare Bilancia S.r.l.	Milan	6,650,000	100.00		
Immobiliare Bilancia Prima S.r.l.	Milan	3,000,000	100.00		
Vittoria Properties S.r.l.	Milan	8,000,000	100.00		
Interbilancia S.r.l.	Milan	80,000	100.00		
Vaimm Sviluppo S.r.l.	Milan	2,000,000	100.00		
VP Sviluppo 2015 S.r.l.	Milan	1,000,000	100.00		
Acacia 2000 S.r.l.	Milan	369,718	67.54	28.40	Vittoria Immobiliare S.p.A.
Gestimmobili S.r.l.	Milan	104,000		100.00	
Interimmobili S.r.l.	Rome	104,000		80.00	
V.R.G. Domus S.r.l.	Turin	800,000		100.00	
Valsalaria S.r.l.	Rome	60,000		51.00	
Aspevi Milano S.r.l.	Milan	100,000		100.00	Interbilancia S.r.l.
Aspevi Roma S.r.l.	Milan	50,000		100.00	
Plurico S.r.l.	Milan	10,000		70.00	
				41.67	Aspevi Roma S.r.l.
Consorzio Servizi Assicurativi	Milan	360,000		6.94	Aspevi Milano S.r.l.
				6.94	Plurico S.r.l.

Changes in ownership percentages and other changes occurring in 1H15:

Acacia 2000 S.r.l.

On 14 May 2015, Vittoria Assicurazioni subscribed share increase, turned out not taken up by other shareholders, thus becoming owner of a holding of 65.51% of the capital at a cost of €150,000 thousand.

On June 2015, Vittoria Assicurazioni acquired a further stake of 2.03% of Acacia 2000 Srl at a price of €4,650 thousand.

As at 30 June 2015, the Vittoria Assicurazioni Group participates in the capital of Acacia 2000 Srl with a share of 95.94% (Vittoria Assicurazioni 67.54% and Vittoria Immobiliare 28.40%).

VP Sviluppo 2015 S.r.l.

In May 2015, the sole shareholder Vittoria Assicurazioni paid to the subsidiary €3,000 thousand in the future increase in capital.

Interimmobili S.r.l.

In April 2015, the shareholder Vittoria Immobiliare paid to Interimmobili Srl €294 thousand to cover losses.

Consorzio Servizi Assicurativi

During the period, the General Meeting of Cosorzio Servizi Assicurativi has approved the admission of new associates, resulting in increased fund consortile to €360 thousand.

As at 30 June 2015, the percentage of the Group now stands at 55.56% (41.67% Aspevi Roma; 6.94% Aspevi Milano; 6.94% Plurico).

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

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

Name	Registered offices	Share Capital Euro	% Ownership		Via
			Direct	Indirect	
S.In.T S.p.A.	Turin	900,000	48.19		
Yarpa S.p.A.	Genoa	38,201,600	27.31		
Touring Vacanze S.r.l.	Milan	12,900,000	37.00		
Consorzio Movincom S.c.r.l.	Turin	103,000	29.14		
Movincom Servizi S.p.A.	Turin	4,500,000	46.65		
Spefin Finanziaria S.p.A.	Rome	2,000,000		21.00	Interbilancia S.r.l.
Mosaico S.p.A.	Turin	500,000		45.00	} Vittoria Immobiliare S.p.A.
Pama & Partners S.r.l.	Genoa	1,200,000		25.00	
Fiori di S. Bovio S.r.l.	Milan	30,000		40.00	
Valsalaria A.11 S.r.l.	Rome	33,715		40.00	
VZ Real Estate S.r.l.	Turin	100,000		49.00	

Changes in ownership percentages and other changes during the period

No changes occurred in the first half.

C) Geographical segment reporting (secondary segment)

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

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

Assets	(€/000)							
	Italy		Europe		Rest of the World		Total	
	30/06/2015	31/12/2014	30/06/2015	31/12/2014	30/06/2015	31/12/2014	30/06/2015	31/12/2014
Debt instruments	1,863,287	1,954,329	25,489	25,815	5,110	5,031	1,893,886	1,985,175
Equity instruments and OEIC units	77,828	58,731	80,143	66,982	-	-	157,971	125,713
Property	644,642	641,814	-	-	-	-	644,642	641,814
Other assets	867,469	897,256	-	-	-	-	867,469	897,256
Total	3,453,226	3,552,130	105,632	92,797	5,110	5,031	3,563,968	3,649,958

Deferred costs	(€/000)							
	North		Italy Centre		South and Islands		Total external deferred costs	
	30/06/2015	31/12/2014	30/06/2015	31/12/2014	30/06/2015	31/12/2014	30/06/2015	31/12/2014
Other property, plant and equipment	9,773	9,867	49	73	-	-	9,822	9,940
Other intangible assets	24,636	27,691	10	1	-	-	24,646	27,692
Owner-occupied property	113,385	115,643	1,019	1,031	587	594	114,991	117,268
Total	147,794	153,201	1,078	1,105	587	594	149,459	154,900

Revenue (gross of intersegment eliminations)										
	North		Italy Centre		South and Islands		Europe		Total	
	30/06/2015	31/12/2014	30/06/2015	31/12/2014	30/06/2015	31/12/2014	30/06/2015	31/12/2014	30/06/2015	31/12/2014
Insurance premiums - direct business	343,170	329,776	211,576	205,926	108,834	110,694	2	11	663,582	646,407
Trading and construction profits	1,600	3,230	893	571	-	-	-	-	2,493	3,801
Services and rent income	828	750	614	749	-	-	-	-	1,442	1,499
Total	345,598	333,756	213,083	207,246	108,834	110,694	2	11	667,517	651,707

Specific explanatory notes

Consolidated Balance Sheet

Note 2	30/06/2015	31/12/2014	Change
Other intangible assets	24,646	27,692	-3,046
Other items of property, plant and equipment	9,822	9,940	-118
Property	557,465	553,374	4,091

Other intangible assets

The item "Other intangible assets" mainly refers to:

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

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

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

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

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

Other items of property, plant, and equipment

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

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

Property

The following table shows the breakdown of this item:

	(€/000)		
	30/06/2015	31/12/2014	Change
Owner-occupied property	114,991	117,268	-2,277
Property held for trading	126,328	123,191	3,137
Property under construction	316,146	312,915	3,231
Total	557,465	553,374	4,091

- Owner-occupied property

The book value of owner-occupied property at 30 June 2015 includes €1,530 thousand for property owned by the subsidiary Vaimm Sviluppo S.r.l., €15,920 for property owned by Vittoria Properties S.r.l., €5,317 thousand for property owned by Vittoria Immobiliare S.p.A., €250 thousand for property owned by the subsidiary Acacia 2000 S.r.l. and €91,974 owned by the parent company, of which €82,523 thousand related to the Vittoria Assicurazioni's headquarter.

The following table shows the reconciliation of changes occurring during 1H15:

	(€/000)					
Owner-occupied property	31/12/2014	Acquisitions	Improvement costs	Sales	Depreciation	30/06/2015
Gross carrying amount	135,996	5	0	0	0	136,001
Accumulated depreciation	18,728	0	0	0	2,282	21,010
Carrying amount	117,268	5	0	0	-2,282	114,991

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

The owner-occupied property current value as at 30 June 2015, allocated to level 3 of the fair value hierarchy, is equal to €149,970 thousand and it has been determined based on independent technical expertise which are based on discounting cash flows generated from rental revenues.

- Property held for trading and property under construction

The following table shows the reconciliation of changes occurring during 1H15:

	(€/000)		
Property	Trading activities	Construction work	Total
Carrying amount as at 31/12/2014	123,191	312,915	436,106
Acquisitions, net of capitalised financial charges	5,259	11,634	16,893
Capitalised financial charges	339	1,575	1,914
Sales and advanced received	-2,532	-12,400	-14,932
Recognised gains (losses)	71	2,422	2,493
Carrying amount as at 30/06/2015	126,328	316,146	442,474

Please refer to the Report on Operations for details on the principal real estate activities carried out during the first half. The current value allocated to level 3 of the fair value hierarchy, is equal to €127,555 thousand for trading activities and to €366,064 thousand for property under construction. This value is determined based on technical expertise which are based on discounting market sales price.

Note 3	30/06/2015	31/12/2014	Variazione
Reinsurers' share of technical reserves	51,931	60,501	-8,570

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

	(€/000)					
	Direct business		Indirect business		Total carrying amount	
	30/06/2015	31/12/2014	30/06/2015	31/12/2014	30/06/2015	31/12/2014
Non-life reserves	44,597	53,547	332	306	44,929	53,853
Premium reserve	15,867	16,007	-	-	15,867	16,007
Claims reserve	28,730	37,540	332	306	29,062	37,846
Life reserves	7,002	6,648	-	-	7,002	6,648
Reserve for payable amounts	198	-	-	-	198	-
Mathematical reserves	6,776	6,609	-	-	6,776	6,609
Other reserves	28	39	-	-	28	39
Total reinsurers' share of technical reserves	51,599	60,195	332	306	51,931	60,501

Note 4	30/06/2015	31/12/2014	Variazione
Investments properties	87,177	88,440	-1,263

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

Real estate investments current value as at 30 June 2015 is equal to €89,000 thousand and it is determined based on independent technical expertise which are based on discounting cash flows generated from rental revenues.

Note 5	30/06/2015	31/12/2014	Change
Investments in subsidiaries and associates and interests in joint-ventures	24,756	22,292	2,464

The breakdown of this item was as follows:

	(€/000)	
Investments in associates	30/06/2015	31/12/2014
S.In.T. S.p.A.	510	453
Yarpa. S.p.A.	14,222	11,528
Movincom Servizi S.p.A.	1,597	1,796
VZ Real Estate S.r.l.	24	98
Mosaico S.p.A.	88	111
Pama & Partners S.r.l.	313	322
Consorzio Movincom S.c.r.l.	36	14
Spefin Finanziaria S.p.A.	283	283
Valsalaria A.11 S.r.l.	28	32
Touring Vacanze S.r.l.	7,655	7,655
Total carrying amount	24,756	22,292

The Group's interest in net income and losses totals €2,426 (with revaluations of €2,751 thousand and write-downs for €325 thousand).

Due to the negative results, the parent company, already as at 31 December 2014, has written-off the investment in the associate company Fiori di S. Bovio S.r.l..

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

The change in the line item of €2,464 thousand reflects all investments and divestments made during the period, as well as the Group's interest in the change of equity of the associates carried at equity, as illustrated in the following table:

	(€/000)
Carrying amount as at 31/12/2014	22,292
Acquisitions and subscriptions	38
Consorzio Movincom S.c.r.l.	38
Change due to equity method measurement	2,426
S.In.T. S.p.A.	57
Yarpa. S.p.A.	2,694
Movincom Servizi S.p.A.	-199
VZ Real Estate S.r.l.	-74
Mosaico S.p.A.	-23
Pama & Partners S.r.l.	-9
Consorzio Movincom S.c.r.l.	-16
Valsalaria A.11 S.r.l.	-4
Carrying amount as at 30/06/2015	24,756

The following table shows the main financial and economic datas of the main associated companies:

Denomination	(€/000)							
	Main financial-economic datas							
	Total asset	Cash and chash equivalents	Total equity and liabilities	Equity	Profit (loss) for the year	Dividends paid out	Costs	Revenues
S.In.T S.p.A.	3,053	1,118	1,992	1,058	117	-	2,898	3,114
Gruppo Yarpa S.p.A.	56,716	27,419	1,204	52,080	5,641	-	2,143	8,733
Movincom Servizi S.p.A.	3,762	1,431	338	3,423	- 425	-	646	220

Note 6

30/06/2015 31/12/2014 Change

Held to maturity investments	56,173	56,709	-536
Loans and receivables	99,909	82,178	17,731
Financial assets available for sale	1,995,653	2,055,363	-59,710
Financial assets at fair value through profit or loss	68,724	65,681	3,043

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

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

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

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

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

(€/000)

	Held to maturity investments	Financial assets available for sale				Financial assets at fair value through profit or loss	Financial assets held for trading	Total
		Equity investments	OEIC units	Bonds and other fixed-interest securities	Total	Assets where the risk is borne by policyholders and related to pension funds	Bonds and other fixed-interest securities	
Carrying amount at 31/12/2014	56,709	94,438	32,475	1,928,450	2,055,363	65,665	16	2,177,753
Acquisitions and subscriptions		-	19,438	153,745	173,183	2,238	-	175,421
Sales and repayments	-113	-	-8,221	-198,221	-206,442	-1,046	-	-207,601
Other changes:								
- effective interest adjustments	42	-	-	-2,031	-2,031	-	-	-1,989
- impairment loss	-	-	-	-	-	437	-6	431
- charged to P&L		14,062	5,778	-44,253	-24,413	-	-	-24,413
- rate changes	-465	-	-	13	13	-	-	-452
- other changes		-21	1	-	-20	1,419	1	1,400
Carrying amount at 30/06/2015	56,173	108,479	49,471	1,837,703	1,995,653	68,713	11	2,120,550

Loans and receivables

As at 30 June 2015 loans and receivables totalled €99,909 thousand (€82,178 thousand as at 31 December 2014).

The item is principally comprised of the following:

- loans granted by Vittoria Immobiliare S.p.A. to the indirect associates Mosaico S.p.A., Fiori di San Bovio S.r.l., Pama & Partners S.r.l., Valsalaria A.11 S.r.l., VP Sviluppo S.r.l. and VZ Real Estate S.r.l. for a total of €7,401 thousand;
- loans granted by the parent company to third parties and secured by mortgages for a total of €3,079 thousand;
- €2,239 thousand in loans against life insurance policies;
- loans granted to employees and agents mainly referred to revenge of the parent company for €23,529 thousand;
- €3,975 thousand in loans granted to the company Spefin Finanziaria S.p.A. and €500 thousand to the company S.IN.T. S.p.A.;
- the corresponding entry for the Parent Company's commitments for payments destined to finance investments in private equity operations totalling €57,609 thousand, of which €651 thousand to the associate Yarpa S.p.A.. The related obligations are recorded in "Other financial liabilities" in Note 18;
- reinsurance deposit assets for €175 thousand.

The amount of €13,465 thousand is collectible after 12 months.

Disclosure concerning fair value

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

	(€/000)	
Financial assets	Carrying amount	Fair Value
Held to maturity investments	56,173	60,916
Loans and receivables	99,909	99,909
Financial assets available for sale	1,995,653	1,995,653
Financial assets held for trading	11	11
Financial assets at fair value through profit or loss	68,713	68,713
Total	2,220,459	2,225,202

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

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

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

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

Note 7	30/06/2015	31/12/2014	Change
Receivables relating to direct insurance	131,349	173,982	-42,633

The breakdown of this item was as follows:

	(€/000)	
Receivables relating to direct insurance	30/06/2015	31/12/2014
Premiums due from policyholders	55,083	55,964
Receivables due from brokers and agents	40,624	75,931
Receivables due from insurance companies - current accounts	5,474	6,541
Amounts to be recovered from policyholders and third parties	30,168	35,546
Total	131,349	173,982

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

Note 8	30/06/2015	31/12/2014	Change
Receivables relating to reinsurance business	10,540	4,251	6,289

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

Note 9	30/06/2015	31/12/2014	Change
Other receivables	45,473	35,226	10,247

The most significant sub-item as up to 30 June 2015 consisted of advances of €21,990 thousand on policyholders' taxes, advances of €9,966 thousand paid by the real estate companies and receivables of company services mainly to insurance brokers for €2,756 thousand.

Note 10	30/06/2015	31/12/2014	Change
Deferred acquisition costs	7,559	7,487	72

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

As at 30 June 2015 €5,702 thousand referred to the Life business and €1,857 thousand to the Non-Life business.

Note 11	30/06/2015	31/12/2014	Change
Deferred tax assets	118,803	126,637	-7,834

The item included deferred tax assets pertaining to the direct operating parent company (€115,114 thousand), to the real estate segment (€4,411 thousand), plus those relating to consolidation adjustments (€-1,552 thousand).

Note 12	30/06/2015	31/12/2014	Change
Current tax assets	24,864	24,229	635

The item includes tax receivables of the direct operating parent company of €23,567 thousand (including tax credits relating to taxes prepaid on the Life business mathematical reserves) and €942 thousand of the real estate companies arising from the purchase of buildable areas and property.

Note 13	30/06/2015	31/12/2014	Change
Other assets	5,426	24,969	-19,543

The item includes €204 thousand of deferred commission expenses relating to investment contracts and €4,083 thousand of prepayments, mainly relating to G&A costs.

Note 14	30/06/2015	31/12/2014	Change
Cash and cash equivalents	243,698	231,007	12,691

The item refers to bank balances of €243,651 thousand and cash amounts of €47 thousand.

Note 15	30/06/2015	31/12/2014	Change
Equity attributable to shareholders of the parent	641,030	614,528	26,502
Equity attributable to minority interests	9,490	12,790	-3,300

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

The following table details the breakdown of equity:

	(€/000)	
BREAKDOWN OF EQUITY	30/06/2015	31/12/2014
Total equity attributable to the shareholders of the parent	641,030	614,528
Share capital	67,379	67,379
Equity-related reserves	33,874	33,874
Income-related and other reserves	394,229	335,846
Fair value reserve	104,697	105,312
Other gains or losses recognised directly in equity	57	-212
Group profit for the year	40,794	72,329
Total equity attributable to minority interests	9,490	12,790
Share capital and reserves attributable to minority interests	9,500	12,820
Minority interests' profit for the year	-10	-30
Total consolidated equity	650,520	627,318

As at 30 June 2015 the direct operating parent company's share capital consists of 67,378,924 fully subscribed and paid-up shares with a nominal value of Euro 1.00 each.

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

Dividends paid out by the direct operating parent company, shown in the column "Other transfers" in the statement of changes in equity, totalled €12,128,206 for FY 2014 and €12,801,996 and for FY 2015.

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

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

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

(€/000)			
A) Net unrealised gains	Gross amount	Tax impact	Net amount
31/12/2014	206,521	55,347	151,174
Decrease due to sales	-1,974	-568	-1,406
Decrease due to fair value changes	-22,438	-10,013	-12,425
Total change for the period/year	-24,412	-10,581	-13,831
30/06/2015	182,109	44,766	137,343

(€/000)			
B) Shadow accounting reserve	Gross amount	Tax impact	Net amount
31/12/2014	69,826	23,964	45,862
Change in shadow accounting reserve	-20,122	-6,906	-13,216
30/06/2015	49,704	17,058	32,646

(€/000)			
Gains or losses on financial assets AFS	Gross amount	Tax impact	Net amount
Combined effect A) - B)			
31/12/2014	136,695	31,383	105,312
Decrease due to sales	-1,974	-568	-1,406
Decrease due to fair value changes	-22,438	-10,013	-12,425
Change in shadow accounting reserve	20,122	6,906	13,216
Total change for the period/year	-4,290	-3,675	-615
30/06/2015	132,405	27,708	104,697

Note 16	30/06/2015	31/12/2014	Change
Provisions	5,339	4,872	467

The table below shows the changes in the item:

(€/000)				
Provisions	31/12/2014	Accruals of the year	Utilisations of the year	30/06/2015
Provision for costs to be incurred	404	392	-62	734
Other provisions	4,468	148	-11	4,605
Total	4,872	540	-73	5,339

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

Note 17

30/06/2015 31/12/2014 Change

Technical reserves	2,493,060	2,434,695	58,365
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The following table shows the breakdown of technical reserves.

(€/000)						
	Direct business		Indirect business		Total carrying amount	
	30/06/2015	31/12/2014	30/06/2015	31/12/2014	30/06/2015	31/12/2014
Non-life reserves	1,418,556	1,398,240	912	886	1,419,468	1,399,126
Premium reserve	387,869	373,527	47	42	387,916	373,569
Claims reserve	1,030,278	1,024,304	865	844	1,031,143	1,025,148
Other reserves	409	409	-	-	409	409
Life reserves	1,073,405	1,035,382	187	187	1,073,592	1,035,569
Reserve for payable amounts	24,374	24,911	12	12	24,386	24,923
Mathematical reserves	995,989	939,210	173	173	996,162	939,383
Other reserves	53,042	71,261	2	2	53,044	71,263
Total technical reserves	2,491,961	2,433,622	1,099	1,073	2,493,060	2,434,695

For the Non-Life business, during the first half the parent company settled positions subject to the transaction with a counterparty: the paid amount was consistent with what reserved at 31 December 2014.

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

The Life "Other reserves" item mainly consisted of:

- €7,744 thousand = management expenses;
- €45,183 thousand = reserve for deferred liabilities to policyholders (of which €49,704 thousand stemming from fair value measurement of available-for-sale financial assets and €-4,521 thousand from reserving against subsidiaries' profits allocated to segregated funds);

The mathematical reserves comprise an additional reserve for longevity risk relating to annuity agreements and capital agreements with a contractually guaranteed coefficient of conversion to an annuity (art. 50 of ISVAP Regulation no. 21 of 28 March 2008) amounting to €1,917 thousand (€2.024 thousand as at 31/12/2014); in the case of capital agreements, account is taken of the propensity to convert to an annuity when it is calculated.

The mathematical reserves also include additional reserves for the guaranteed interest rate risk (art. 47 of IVASS Regulation no. 21 of 28 March 2008) amounting to €979 thousand (€777 thousand as at 31/12/2014), obtained by joint analysis of the asset and liability portfolios of the segregated internal funds "Vittoria Rendimento Mensile", "Vittoria Valore Crescente" and "Vittoria Previdenza", the average rates of return on which were used to value the "Liquinvest" funds and non-profit policies portfolio.

Liability Adequacy Test (LAT)

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

Note 18

30/06/2015 31/12/2014 Change

Financial liabilities at fair value through profit or loss	68,713	65,665	3,048
Other financial liabilities	168,747	314,166	-145,419

To complete what is presented below, we point that the detailed breakdown of financial liabilities is shown in the specific “Annexes to Consolidated interim financial statements” section.

Financial liabilities at fair value through profit or loss

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

The following table shows the cumulative change as at 30 June 2015:

(€/000)

	Benefits relating to unit-linked and index-linked policies	Benefits relating to pension fund management	Total
Carrying amount at 31/12/2014	50,077	15,588	65,665
Investment of net fund assets	1,443	278	1,721
Profits attributable to policyholders	4,294	658	4,952
Amounts paid	-3,478	-147	-3,625
Carrying amount at 30/06/2015	52,336	16,377	68,713

Other financial liabilities

The item includes:

- Reinsurance deposits of €15,856 thousand;
- Bank loans issued to the Group’s real estate companies for a total of €95,282 thousand (of which €71,767 thousand backed by collateral);
- direct operating parent company’s commitment for payment of €57,610 thousand in private equity investments, of which €651 to the associate Yarpa S.p.A., against which the rights to receive the related financial instruments are posted in the “Loans & receivables” item.

Payables due beyond 12 months totalled €76,622 thousand.

Disclosure concerning fair value

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

Note 19	30/06/2015	31/12/2014	Change
Payables arising from direct insurance business	10,146	11,444	-1,298

The breakdown of the item was as follows:

	(€/000)	
Payables arising from direct insurance business	30/06/2015	31/12/2014
Payables to insurance brokers and agents	7,866	6,984
Payables to insurance companies - current accounts	2,188	2,760
Guarantee deposits paid by policyholders	92	68
Payables to guarantee funds in favour of policyholders	-	1,632
Total	10,146	11,444

Note 20	30/06/2015	31/12/2014	Change
Payables arising from reinsurance business	1,860	7,254	-5,394

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

Note 21	30/06/2015	31/12/2014	Change
Other sums payable	66,554	71,717	-5,163

The breakdown of the item was as follows:

	(€/000)	
Other sums payable	30/06/2015	31/12/2014
Payments on accounts received by real estate companies for preliminary sales agreements	3,327	4,740
Trade payables	18,298	19,793
Payables to employees	2,325	2,463
Employee benefits - provisions for termination benefits	4,852	4,806
Policyholders' tax due	19,468	22,941
Sundry tax liabilities (withholdings)	2,209	2,397
Social security charges payable	2,543	2,623
Payables to associate companies	635	283
Sundry payables	12,897	11,671
Total	66,554	71,717

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

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

The main assumptions adopted for actuarial assessments were the following:

Demographic assumptions

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

Economic and financial assumptions

Inflation:	1.75%
Annual technical actualization rate	2.10%
Annual rate of severance payment increment	2.81%
Annual rate of growth of remuneration (for the purpose of calculating seniority premiums)	2.75%
Annual rate of growth of the average reimbursement (for the purpose of calculating health services)	1.75%

Note 22	30/06/2015	31/12/2014	Change
Deferred tax liabilities	60,020	71,012	-10,992

The item includes deferred tax liabilities allocated to the insurance business for €56,085 thousand, the real estate and services business for €1,141 thousand, and to reversals totalling €2,793 thousand, mainly in regard to fair value adjustment of the assets owned by associates and subsidiaries acquired over the past few years.

Note 23	30/06/2015	31/12/2014	Change
Current tax liabilities	1,668	1,919	-251

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

Note 24	30/06/2015	31/12/2014	Change
Other liabilities	37,341	39,896	-2,555

This account consists mainly of commissions to be paid on the bonuses being collected at the end of the period and provisions for agency awards totalling €11,197 thousand, the deferred commission income of €35 thousand connected with investment contracts, invoices and notes to be received from suppliers totalling €17,216 thousand, and the liabilities for defined benefits and other long-term employee benefits (health benefits and seniority benefits) for €3,226 thousand.

Consolidated Income Statement

Note 25

30/06/2015 30/06/2014 Change

Gross premiums	649,295	630,369	18,926
Ceded premiums for reinsurance	12,385	15,023	-2,638
Amounts paid and change in technical reserves	484,203	453,436	30,767
Reinsurers' share	-17,181	-9,603	-7,578

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

	30/06/2015				30/06/2014			
	Non-life business	Life business	Intersegment eliminations	Total	Non-life business	Life business	Intersegment eliminations	Total
NET PREMIUMS	509,263	127,647	-	636,910	482,322	133,024	-	615,346
Gross premiums	521,022	128,273	-	649,295	496,745	133,624	-	630,369
Gross premiums written	535,371	128,273	-	663,644	513,066	133,624	-	646,690
a Direct business	535,309	128,273	-	663,582	513,003	133,404	-	646,407
b Indirect business	62	-	-	62	63	220	-	283
Change in premium reserve	-14,349	-	-	-14,349	-16,321	-	-	-16,321
a Direct business	-14,343	-	-	-14,343	-16,320	-	-	-16,320
b Indirect business	-6	-	-	-6	-1	-	-	-1
Ceded premiums	11,759	626	-	12,385	14,423	600	-	15,023
Gross premiums ceded	11,618	626	-	12,244	13,863	600	-	14,463
a Outward reinsurance	11,618	626	-	12,244	13,863	600	-	14,463
b Retrocession	-	-	-	-	-	-	-	-
Change in premium reserve	141	-	-	141	560	-	-	560
a Outward reinsurance	141	-	-	141	560	-	-	560
b Retrocession	-	-	-	-	-	-	-	-
NET CHARGES RELATING TO CLAIMS	329,920	134,519	2,583	467,022	308,441	137,652	-2,260	443,833
Amounts paid and change in technical reserves	346,648	134,972	2,583	484,203	317,647	138,049	-2,260	453,436
Direct business	346,632	134,831	-	481,463	317,645	137,698	-	455,343
Indirect business	16	141	-	157	2	351	-	353
Shadow accounting of investee companies' profits	-	-	2,583	2,583	-	-	-2,260	-2,260
Reinsurers' share	16,728	453	-	17,181	9,206	397	-	9,603
Outward reinsurance	16,728	453	-	17,181	9,206	397	-	9,603
Retrocession	-	-	-	-	-	-	-	-

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

Note 26

30/06/2015 30/06/2014 Change

Commission income	262	389	-127
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The item refers to commission income for the period for investment contracts classified as financial liabilities (index- and unit-linked contracts and pension funds),

Note 27	30/06/2015	30/06/2014	Change
Gains or losses on financial instruments at fair value through profit or loss	-5	14	-19
Gains on investments in subsidiaries and associates and interests in joint ventures	2,793	739	2,054
Gains or losses on other financial instruments and investment property	38,166	36,427	1,739
Losses on investments in subsidiaries and associates and interests in joint ventures	552	876	-324
Losses on other financial instruments and investment property	4,516	6,726	-2,210

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

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

These are income and losses on financial assets held for trading.

As regards financial assets designated at fair value through profit or loss – i.e, referring to investment contracts of the unit-linked, and pension-fund type – net income recognised in 1H15 amounted to €4,952 thousand, set against losses/charges of the same amount, due to the change in related financial liabilities designated at fair value through profit or loss.

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

As up to 30 June 2015 these items referred entirely to the results of equity-accounted Group companies,

Reference should be made to Note 5 for further details.

Gains and losses on other financial instruments and investment property

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

	(€/000)			
	Gains 30/06/15	Gains 30/06/14	Losses 30/06/15	Losses 30/06/14
Investment property	2,695	1,682	3,144	3,482
Held to maturity investments	1,098	1,209	-	-
Loans and receivables	319	650	-	-
Financial assets available for sale	33,062	31,506	10	-
Other receivables	284	252	-	-
Cash and cash equivalents	708	1,128	-	-
Other financial liabilities	-	-	1,362	3,244
Total	38,166	36,427	4,516	6,726

Note 28	30/06/2015	30/06/2014	Change
Other income	7,816	9,879	-2,063

The following table details the breakdown of this item,

	(€/000)	
Other income	30/06/15	30/06/14
Trading profits	2,493	3,801
Gains on the sale of owner-occupied property	-	17
Revenue from services: real estate brokerage	595	172
Revenue from services: real estate management	13	31
Revenue from services: administration, real estate appraisals and other income	24	26
Revenue from services: other revenue from services	750	390
Rent income	539	409
Writebacks	-	646
Technical income on insurance contracts	2,700	2,887
Gains on the sale of property, plant and equipment	64	-
Exchange rate gains	97	14
Incidental non-operating income	183	1,163
Other income	358	323
Total	7,816	9,879

Technical income on insurance contracts refer for €1,119 thousand (€1,227 thousand at 30/06/2014) to reversal of commissions on cancelled premiums and for €1,581 thousand (€887 thousand at 30/06/2014) to other technical items, mainly consisting of recovers on knock-for-knock claims settlement costs and ANIA contributions for cars scrapped following claim events.

Note 29	30/06/2015	30/06/2014	Change
Commission expense	-	14	-14

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

Note 30	30/06/2015	30/06/2014	Change
Commissions and other acquisition costs	108,276	104,519	3,757
Investment management costs	1,172	1,198	-26
Other administrative costs	23,457	19,597	3,860

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

The following table details the breakdown of “Commissions and other acquisition costs” as at 30 June 2015.

	(€/000)	
Gross commissions and other acquisition costs net of profit participation and other commissions	30/06/15	30/06/14
Acquisition commissions	77,142	73,253
Other acquisition costs	28,545	28,536
Change in deferred acquisition costs	-72	-76
Premium collection commissions	4,812	5,050
Profit participation and other commissions received from reinsurers	-2,151	-2,244
Total	108,276	104,519

Note 31	30/06/2015	30/06/2014	Change
Other costs	21,400	27,166	-5,766

The breakdown of this item was as shown below:

	(€/000)	
Other costs	30/06/15	30/06/14
Technical costs on insurance contracts	7,255	12,330
Accruals to the provision for bad debts	600	1,422
Foreign-exchange losses	40	12
Incidental non-operating costs	1,793	299
Annual depreciation & amortisation	8,191	7,587
Losses on non insurance receivables	-	3,038
Accruals to the provision for risks and charges	679	-
Commissions from services sector	2,664	2,506
Other costs	178	-28
Total	21,400	27,166

Technical costs on insurance contracts refer to technical write-offs and losses on unrecoverable premiums and related bad-debt provisioning for €6,287 thousand (€11,580 thousand at 30/06/2014) and to services supporting insurance covers and costs for premiums under litigation for €968 thousand (€750 thousand at 30/06/2014).

Note 32	30/06/2015	30/06/2014	Change
Income taxes	18,763	21,524	-2,761

Of this item €17,623 thousand related to current taxes and €1,140 thousand to deferred taxes. Income taxes are recognised in profit or loss, with the exception of those relating to items directly charged or credited to equity, in which case the tax effect is recognised directly in equity,

Other disclosures

Employees

Employees of Vittoria Assicurazioni and of fully consolidated companies numbered 610 as at 30 June 2015 vs, 604 present as at 31 December 2014 and 599 as at 30 June 2014.

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

	30/06/2015	30/06/2014	31/12/2014
Managers	26	26	26
Officers	147	147	147
Administrative staff	436	422	423
Total	609	595	596

Tax status

Insurance business

In 2014 the parent company confirmed and exercised its option for the National Tax Consolidation Regime (article 117 and subsequent articles of the Decree No. 917 of 22 December 1986) with the subsidiaries Immobiliare Bilancia S.r.l., Immobiliare Bilancia Prima S.r.l., Acacia 2000 S.r.l., VAIMM Sviluppo S.r.l., Vittoria Properties S.r.l., Vittoria Immobiliare S.p.A., Gestimmobili S.r.l., Interimmobili S.r.l., Interbilancia S.r.l., VRG Domus S.r.l. and Valsalaria S.r.l..

The option for the National Tax Consolidation Regime with respect to these companies will persist also in 2015, year in which was also extended to the subsidiary VP Sviluppo S.r.l..

In accordance with Law no. 2/2009, in 2008 the parent company revalued the buildings, obtaining a greater value which will be recognised for IRES and IRAP purposes (depreciation purpose from 2013 tax period and in relation to possible disposal from 2014) by paying a substitute tax on the gains recorded, equal to 3% for depreciable property and equal to 1.5% for non-depreciable property. The value recorded in the balance sheet was aligned to the fair value (determined by an independent evaluation expert) in 2008.

Against these greater values recognised in the balance sheet, the parent company recorded in equity a reserve equal to the revaluation less the substitute tax.

For further details concerning the revaluation appreciation recorded and the evaluation principles, please refers to this Notes to the consolidated financial statements.

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

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

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

In 2009, the parent company was subject to a tax inspection by the Italian Tax Authorities for fiscal years 2004, 2005 and 2006, from which disputes related to IRES, IRAP and VAT have ensued. Between 2009 and 2011 higher assessments for all three years under inspection were notified with details of higher IRES and IRAP, fines and interest for an overall amount of 101 thousand euro; regarding VAT, the higher tax rate, the fines and interest amount to 387 thousand euro. The parent company has settled its tax obligations related to IRES and IRAP for all three years. Regarding VAT, the parent company has appealed against the assessments for the three years (2004, 2005 and 2006), obtained a favourable judgement in the first and second instance. Appeals of the Tax Authorities with the Supreme Court of Cassation are pending, waiting for court meeting.

The Board of Directors

Milan, 30 July 2015

Annexes to
Condensed Consolidated 2015
half year financial statements

Vittoria Assicurazioni S.p.A.
Condensed Consolidated financial statements as at 30 June 2015

Consolidation scope

	Country	Country operational headquarters (5)	Method (1)	Business (2)	% of direct holding	% of total investment (3)	% of voting rights in ordinary meetings (4)	% of consolidation
Vittoria Assicurazioni S.p.A.	Italy		G	1	-	-	-	-
Vittoria Immobiliare S.p.A.	Italy		G	10	100.00	100.00	100.00	100.00
Immobiliare Bilancia S.r.l.	Italy		G	10	100.00	100.00	100.00	100.00
Immobiliare Bilancia Prima S.r.l.	Italy		G	10	100.00	100.00	100.00	100.00
Vittoria Properties S.r.l.	Italy		G	10	100.00	100.00	100.00	100.00
Interbilancia S.r.l.	Italy		G	9	100.00	100.00	100.00	100.00
Vaimm Sviluppo S.r.l.	Italy		G	10	100.00	100.00	100.00	100.00
VP Sviluppo 2015 S.r.l.	Italy		G	10	100.00	100.00	100.00	100.00
Acacia 2000 S.r.l.	Italy		G	10	67.54	95.94	95.94	100.00
Gestimmobili S.r.l.	Italy		G	11	-	100.00	100.00	100.00
Interimmobili S.r.l.	Italy		G	11	-	80.00	80.00	100.00
V.R.G. Domus S.r.l.	Italy		G	10	-	100.00	100.00	100.00
Valsalaria S.r.l.	Italy		G	10	-	51.00	51.00	100.00
Aspevi Milano S.r.l.	Italy		G	11	-	100.00	100.00	100.00
Aspevi Roma S.r.l.	Italy		G	11	-	100.00	100.00	100.00
Plurico S.r.l.	Italy		G	11	-	70.00	70.00	100.00
Consorzio Servizi Assicurativi	Italy		G	11	-	53.47	55.56	100.00

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

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

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

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

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

List of unconsolidated investments

	Country	Country operational headquarters (5)	Business (1)	Type (2)	% of direct holding	% of total investment (3)	% of voting rights in ordinary meetings (4)	Carrying amount
S.In.T S.p.A.	Italy		11	b	48.19	48.19	48.19	510
Yarpa S.p.A.	Italy		9	b	27.31	27.31	27.31	14,222
Touring Vacanze S.r.l.	Italy		10	b	37.00	37.00	37.00	7,655
Mosaico S.p.A.	Italy		10	b	-	45.00	45.00	88
Pama & Partners S.r.l.	Italy		10	b	-	25.00	25.00	313
Consorzio Movincom S.c.r.l.	Italy		11	b	29.14	29.14	29.14	36
VZ Real Estate S.r.l.	Italy		10	b	-	49.00	49.00	24
Fiori di S. Bovio S.r.l.	Italy		10	b	-	40.00	40.00	-
Spefin Finanziaria S.p.A.	Italy		11	b	-	21.00	21.00	283
Valsalaria A.11 S.r.l.	Italy		10	b	-	40.00	40.00	28
Movincom Servizi S.p.A.	Italy		11	b	46.65	46.65	46.65	1,597

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

(2) a=subsidiaries (IFRS10); b=associated companies (IAS28); c=*joint ventures* (IFRS11); indicate with an asterisk (*) companies classified as held for sale in compliance with IFRS 5 and show the key at the foot of the table.

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

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

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

Vittoria Assicurazioni S.p.A.
Condensed Consolidated financial statements as at 30 June 2015
Balance sheet by business and business line

(€'000)

	Non-life business		Life business		Real estate business		Service business		Intersegment eliminations		Total	
	30/06/15	31/12/14	30/06/15	31/12/14	30/06/15	31/12/14	30/06/15	31/12/14	30/06/15	31/12/14	30/06/15	31/12/14
1 INTANGIBLE ASSETS	17,912	21,049	6,072	5,984	658	654	4	5	0	0	24,646	27,692
2 PROPERTY, PLANT AND EQUIPMENT	81,647	83,180	19,942	20,463	456,512	456,940	93	99	9,093	2,632	567,287	563,314
3 REINSURERS' SHARE OF TECHNICAL RESERVES	44,929	53,853	7,002	6,648	0	0	0	0	0	0	51,931	60,501
4 INVESTMENTS	1,594,879	1,491,081	1,162,027	1,142,137	70,813	8,703	283	283	-495,610	-271,541	2,332,392	2,370,663
4.1 Investment property	45,901	46,551	41,276	41,889	0	0	0	0	0	0	87,177	88,440
4.2 Investments in subsidiaries and associates and interests in jo	399,953	239,730	53,257	53,257	63,373	563	283	283	-492,110	-271,541	24,756	22,292
4.3 Held to maturity investments	9,812	9,906	46,361	46,803	0	0	0	0	0	0	56,173	56,709
4.4 Loans and receivables	93,594	71,312	2,414	2,785	7,401	8,081	0	0	-3,500	0	99,909	82,178
4.5 Financial assets available for sale	1,045,619	1,123,582	949,995	931,722	39	59	0	0	0	0	1,995,653	2,055,363
4.6 Financial assets at fair value through profit or loss	0	0	68,724	65,681	0	0	0	0	0	0	68,724	65,681
5 OTHER RECEIVABLES	172,246	200,507	15,016	18,607	10,671	8,442	4,640	4,951	-15,211	-19,048	187,362	213,459
6 OTHER ASSETS	110,537	133,056	39,925	44,808	6,114	6,117	4,525	4,764	-4,449	-5,423	156,652	183,322
6.1 Deferred acquisition costs	1,857	1,812	5,702	5,675	0	0	0	0	0	0	7,559	7,487
6.2 Other assets	108,680	131,244	34,223	39,133	6,114	6,117	4,525	4,764	-4,449	-5,423	149,093	175,835
7 CASH AND CASH EQUIVALENTS	149,687	139,100	51,009	31,652	35,351	53,143	7,651	7,112	0	0	243,698	231,007
TOTAL ASSETS	2,171,837	2,121,826	1,300,993	1,270,299	580,119	533,999	17,196	17,214	-506,177	-293,380	3,563,968	3,649,958
1 EQUITY											650,520	627,318
2 PROVISIONS	4,234	4,016	0	0	1,105	856	0	0	0	0	5,339	4,872
3 TECHNICAL RESERVES	1,419,467	1,399,126	1,078,114	1,042,674	0	0	0	0	-4,521	-7,105	2,493,060	2,434,695
4 FINANCIAL LIABILITIES	66,817	53,318	75,361	72,313	95,282	254,200	0	0	0	0	237,460	379,831
4.1 Financial liabilities at fair value through profit or loss	0	0	68,713	65,665	0	0	0	0	0	0	68,713	65,665
4.2 Other financial liabilities	66,817	53,318	6,648	6,648	95,282	254,200	0	0	0	0	168,747	314,166
5 PAYABLES	64,284	77,608	5,530	5,757	14,514	12,538	13,080	13,660	-18,848	-19,148	78,560	90,415
6 OTHER LIABILITIES	58,140	63,318	25,057	30,933	11,722	16,848	1,180	889	2,930	839	99,029	112,827
TOTAL EQUITY AND LIABILITIES											3,563,968	3,649,958

Vittoria Assicurazioni S.p.A.
Condensed Consolidated financial statements as at 30 June 2015
Income statement by business and business line

	(€/000)											
	Non-life business		Life business		Real estate business		Service business		Intersegment eliminations		Net gains and costs/losses	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014	30/06/2015	30/06/2014	30/06/2015	30/06/2014	30/06/2015	30/06/2014	30/06/2015	30/06/2014
1.1 Net premiums	509,263	482,322	127,647	133,024	0	0	0	0	0	0	636,910	615,346
1.1.1 Gross premiums	521,022	496,745	128,273	133,624	0	0	0	0	0	0	649,295	630,369
1.1.2 Ceded premiums	11,759	14,423	626	600	0	0	0	0	0	0	12,385	15,023
1.2 Commission income	0	0	262	389	0	0	0	0	0	0	262	389
1.3 Gains or losses on remeasurement of financial instruments at fair value through profit or loss	0	0	-5	14	0	0	0	0	0	0	-5	14
1.4 Gains on investments in subsidiaries and associates and interests in joint ventures	2,751	219	0	0	0	320	0	0	42	200	2,793	739
1.5 Gains on other financial instruments and investment property	19,956	18,741	18,084	17,303	117	346	36	37	-27	0	38,166	36,427
1.6 Other income	3,588	4,495	181	807	4,019	5,276	5,353	3,844	-5,325	-4,543	7,816	9,879
1 TOTAL REVENUE	535,558	505,777	146,169	151,537	4,136	5,942	5,389	3,881	-5,310	-4,343	685,942	662,794
2.1 Net charges relating to claims	329,921	308,441	134,518	137,652	0	0	0	0	2,583	-2,260	467,022	443,833
2.1.2 Amounts paid and change in technical reserves	346,648	317,647	134,972	138,049	0	0	0	0	2,583	-2,260	484,203	453,436
2.1.3 Reinsurers' share	-16,727	-9,206	-454	-397	0	0	0	0	0	0	-17,181	-9,603
2.2 Commission expense	0	0	0	14	0	0	0	0	0	0	0	14
2.3 Losses on investments in subsidiaries and associates and interests in joint ventures	215	207	0	0	151	669	186	0	0	0	552	876
2.4 Losses on other financial instruments and investment property	1,873	1,874	1,536	1,913	1,130	2,929	4	5	-27	5	4,516	6,726
2.5 Operating costs	120,815	112,979	7,999	9,455	7,546	6,002	1,957	1,436	-5,412	-4,558	132,905	125,314
2.6 Other costs	14,847	18,891	1,561	1,445	2,286	3,471	2,706	3,359	0	0	21,400	27,166
2 TOTAL COSTS	467,671	442,392	145,614	150,479	11,113	13,071	4,853	4,800	-2,856	-6,813	626,395	603,929
PROFIT FOR THE YEAR BEFORE TAXATION	67,887	63,385	555	1,058	-6,977	-7,129	536	-919	-2,454	2,470	59,547	58,865

Breakdown of other comprehensive income

(€/000)

	Allocation		Reclassification to profit or loss		Other Changes		Total Changes		Taxes		Balance	
	30/06/15	30/06/14	30/06/15	30/06/14	30/06/15	30/06/14	30/06/15	30/06/14	30/06/15	30/06/14	30/06/15	31/12/14
Other comprehensive income, net of taxes without reclassification to profit or loss												
Changes in the equity of investees	269	-307			0	0	269	-307	0	-213	57	-212
Changes in intangible asset revaluation reserve	0	0			0	0	0	0	0	0	0	0
Changes in tangible asset revaluation reserve	0	0			0	0	0	0	0	0	0	0
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	0	0			0	0	0	0	0	0	0	0
Actuarial gains and losses and adjustments related to defined benefit plans	269	-307			0	0	269	-307	0	-213	57	-212
Other items	0	0			0	0	0	0	0	0	0	0
Other comprehensive income, net of taxes with reclassification to profit or loss	791	43,354	-1,406	499	0	0	-615	43,853	-3,675	14,777	104,697	105,312
Change in translation reserve	0	0	0	0	0	0	0	0	0	0	0	0
Gains or losses on available for sale investments	791	43,354	-1,406	499	0	0	-615	43,853	-3,675	14,777	104,697	105,312
Gains or losses on hedging instruments	0	0	0	0	0	0	0	0	0	0	0	0
Gains or losses on hedging instruments of net investment in foreign operations	0	0	0	0	0	0	0	0	0	0	0	0
Changes in the equity of investees	0	0	0	0	0	0	0	0	0	0	0	0
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Other items	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER COMPREHENSIVE INCOME	1,060	43,047	-1,406	499	0	0	-346	43,546	-3,888	14,660	104,754	105,100

Vittoria Assicurazioni S.p.A.
Condensed Consolidated financial statements as at 30 June 2015
Breakdown of financial assets

(€/000)

	Held to maturity investments		Loans and receivables		Financial assets available for sale		Financial assets at fair value through profit or loss				Total carrying amount	
							Financial assets held for trading		Financial assets at fair value through profit or loss			
	30/06/15	31/12/14	30/06/15	31/12/14	30/06/15	31/12/14	30/06/15	31/12/14	30/06/15	31/12/14	30/06/15	31/12/14
Equity and derivative instruments measured at cost	0	0	0	0	9,086	9,107	0	0	0	0	9,086	9,107
Equity instruments at fair value of which listed	0	0	0	0	99,393	85,331	0	0	9,765	8,775	109,158	94,106
Debt securities of which listed	56,173	56,709	0	0	10,777	8,296	0	0	9,765	8,775	20,542	17,071
OEIC units	54,817	55,239	0	0	1,837,703	1,928,451	11	16	16,487	15,281	1,910,374	2,000,456
Loans and receivables from bank customers	0	0	0	0	49,471	32,475	0	0	34,142	31,431	83,613	63,906
Interbank loans and receivables	0	0	0	0	0	0	0	0	0	0	0	0
Deposits with ceding companies	0	0	0	0	0	0	0	0	0	0	0	0
Financial asset portion of insurance contracts	0	0	175	175	0	0	0	0	0	0	175	175
Other loans and receivables	0	0	0	0	0	0	0	0	0	0	0	0
Non-hedging derivatives	0	0	37,649	31,893	0	0	0	0	0	0	37,649	31,893
Hedging derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Other financial assets	0	0	62,085	50,110	0	0	0	0	8,319	10,178	70,404	60,288
Total	56,173	56,709	99,909	82,178	1,995,653	2,055,363	11	16	68,713	65,665	2,220,459	2,259,931

Vittoria Assicurazioni S.p.A.
Condensed Consolidated financial statements as at 30 June 2015
Financial and investment gains and losses/costs

	Interest	Other net income	Other costs	Realised gains	Realised losses	Net realised gains and losses	Valuation gains				Valuation losses		Net unrealised gains and losses	Net gains and costs/losses 30/06/2015	Net gains and costs/losses 30/06/2014
							Valuation capital gains	Write-backs	Valuation capital losses	Write-downs	Net unrealised gains and losses				
												Valuation capital gains			
Investments	32,113	6,152	2,536	3,236	102	38,863	4,678	0	2,333	0	2,345	41,208	34,584		
a Investment property	0	2,895	1,462	0	0	1,233	0	0	1,682	0	-1,682	-449	-1,800		
b Investments in subsidiaries and associates and interests in joint ventures	0	2,793	552	0	0	2,241	0	0	0	0	0	2,241	-137		
c Held to maturity investments	1,098	0	0	0	0	1,098	0	0	0	0	0	1,098	1,209		
d Loans and receivables	264	0	0	0	0	264	55	0	0	0	55	319	650		
e Financial assets available for sale	30,365	187	0	2,510	10	33,052	0	0	0	0	0	33,052	31,506		
f Financial assets held for trading	0	0	0	0	0	0	0	0	5	0	-5	-5	14		
g Financial assets at fair value through profit or loss	366	477	522	726	92	975	4,623	0	646	0	3,977	4,952	3,142		
Other receivables	284	0	0	0	0	284	0	0	0	0	0	284	252		
Cash and cash equivalents	708	0	0	0	0	708	0	0	0	0	0	708	1,128		
Financial liabilities	-1,362	0	0	0	0	-1,362	0	0	4,952	0	-4,952	-6,314	-6,366		
a Financial liabilities held for trading	0	0	0	0	0	0	0	0	0	0	0	0	0		
b Financial liabilities at fair value through profit or loss	0	0	0	0	0	0	0	0	4,952	0	-4,952	-4,952	-3,142		
c Other financial liabilities	-1,362	0	0	0	0	-1,362	0	0	0	0	0	-1,362	-3,244		
Payables	0	0	0	0	0	0	0	0	0	0	0	0	0		
Total	31,743	6,152	2,536	3,236	102	38,493	4,678	0	7,285	0	-2,607	35,886	29,578		

Vittoria Assicurazioni S.p.A.
Condensed Consolidated financial statements as at 30 June 2015

Breakdown of technical reserves

(€/000)

	Direct business		Indirect business		Total carrying amount	
	30/06/15	31/12/14	30/06/15	31/12/14	30/06/15	31/12/14
Non-life reserves	1,418,555	1,398,239	912	886	1,419,467	1,399,125
Premium reserve	387,869	373,527	47	42	387,916	373,569
Claims reserve	1,030,277	1,024,303	865	844	1,031,142	1,025,147
Other reserves	409	409	0	0	409	409
of which posted following liability adequacy testing	0	0	0	0	0	0
Life reserves	1,073,406	1,035,383	187	187	1,073,593	1,035,570
Reserve for payable amounts	24,374	24,911	12	12	24,386	24,923
Mathematical reserves	995,989	939,210	173	173	996,162	939,383
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	0	0	0	0	0	0
Other reserves	53,043	71,262	2	2	53,045	71,264
of which posted following liability adequacy testing	0	0	0	0	0	0
of which deferred liabilities to policyholders	45,183	62,722	0	0	45,183	62,722
Total technical reserves	2,491,961	2,433,622	1,099	1,073	2,493,060	2,434,695

Vittoria Assicurazioni S.p.A.
Condensed Consolidated financial statements as at 30 June 2015
Breakdown of reinsurers' share of technical reserves

(€/000)

	Direct business		Indirect business		Total carrying amount	
	30/06/15	31/12/14	30/06/15	31/12/14	30/06/15	31/12/14
Non-life reserves	44,597	53,547	332	306	44,929	53,853
Premium reserve	15,867	16,007	0	0	15,867	16,007
Claims reserve	28,730	37,540	332	306	29,062	37,846
Other reserves	0	0	0	0	0	0
Life reserves	7,002	6,648	0	0	7,002	6,648
Reserves for payable amounts	198	0	0	0	198	0
Mathematical reserves	6,776	6,609	0	0	6,776	6,609
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	0	0	0	0	0	0
Other reserves	28	39	0	0	28	39
Total reinsurers' share of technical reserves	51,599	60,195	332	306	51,931	60,501

Breakdown of financial liabilities

(€'000)

	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total carrying amount	
	Financial liabilities held for trading		Financial liabilities at fair value through profit or loss		Other financial liabilities		Total carrying amount	
	30/06/15	31/12/14	30/06/15	31/12/14	30/06/15	31/12/14	30/06/15	31/12/14
Participating non-equity instruments	0	0	0	0	0	0	0	0
Subordinated liabilities	0	0	0	0	0	0	0	0
Liabilities from financial contracts issued by insurers arising from:								
Contracts where policyholders bear investment risk	0	0	68,713	65,665	0	0	68,713	65,665
Pension-fund management	0	0	52,336	50,077	0	0	52,336	50,077
Other contracts	0	0	16,377	15,588	0	0	16,377	15,588
Deposits received from reinsurers	0	0	0	0	15,856	15,856	15,856	15,856
Negative financial components of insurance contracts	0	0	0	0	0	0	0	0
Debt securities on issue	0	0	0	0	0	0	0	0
Bank customer deposits	0	0	0	0	0	0	0	0
Interbank liabilities	0	0	0	0	0	0	0	0
Other loans received	0	0	0	0	95,281	253,954	95,281	253,954
Non-hedging derivatives	0	0	0	0	0	0	0	0
Hedging derivatives	0	0	0	0	0	0	0	0
Other financial liabilities	0	0	0	0	57,610	44,356	57,610	44,356
Total	0	0	68,713	65,665	168,747	314,166	237,460	379,831

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

(€'000)

	Level 1		Level 2		Level 3		Total	
	30/06/15	31/12/14	30/06/15	31/12/14	30/06/15	31/12/14	30/06/15	31/12/14
Assets and liabilities measured at fair value on a recurring basis								
Financial assets Available for sale	1,897,950	1,969,221	8,666	8,611	89,037	77,531	1,995,653	2,055,363
Financial assets at fair value through profit or loss	11	16	-	-	-	-	11	16
Financial assets at fair value through profit or loss	68,713	65,665	-	-	-	-	68,713	65,665
Investment Property	-	-	-	-	-	-	-	-
Tangible assets	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total assets measured at fair value on a recurring basis	1,966,674	2,034,902	8,666	8,611	89,037	77,531	2,064,377	2,121,044
Financial liabilities at fair value through profit or loss	67,900	61,824	813	3,841	-	-	68,713	65,665
Total liabilities measured at fair value on a recurring basis	67,900	61,824	813	3,841	-	-	68,713	65,665
Assets and liabilities measured at fair value on a non recurring basis								
Non-current assets or assets of a disposal group classified as held for sale	-	-	-	-	-	-	-	-
Liabilities of a disposal group classified as held for sale	-	-	-	-	-	-	-	-

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

(€'000)

	Financial assets				Intangible assets	Property, plant and equipment	Financial liabilities at fair value through profit or loss	
	Financial assets Available for sale	Financial assets at fair value through profit or loss		Investment property			Financial liabilities held for trading	Financial liabilities at fair value through profit or loss
		Financial assets held for trading	Financial assets at fair value through profit or loss					
Opening balance	77,531							
Purchases/ Issues	0							
Sales/Repurchases	0							
Redemptions	-20							
Gains or losses charged to profit and loss	0							
- of which unrealised gains/losses	0							
Gains or losses charged to other comprehensive income	11,526							
Moves to Level 3	0							
Moves to other Levels	0							
Other changes	0							
Closing balance	89,037							

Vittoria Assicurazioni S.p.A.
Condensed Consolidated financial statements as at 30 June 2015
Detail of insurance technical items

(€/000)

	30/06/2015			30/06/2014		
	Gross amount	Reinsurer's share of amount	Net amount	Gross amount	Reinsurers' share of amount	Net amount
Non-life business						
NET PREMIUMS	521,022	11,759	509,263	496,745	14,423	482,322
a Premiums written	535,369	11,618	523,751	513,066	13,863	499,203
b Change in premiums reserve	14,347	-141	14,488	16,321	-560	16,881
NET CLAIMS COSTS	346,648	16,727	329,921	317,647	9,206	308,441
a Amounts paid	341,540	22,993	318,547	272,677	13,506	259,171
b Change in claims reserves	5,967	-8,810	14,777	51,256	-4,440	55,696
c Change in recoveries	859	-2,544	3,403	6,286	-140	6,426
d Change in other technical reserves	0	0	0	0	0	0
Life business						
NET PREMIUMS	128,273	626	127,647	133,624	600	133,024
NET CLAIMS COSTS	134,972	454	134,518	138,049	397	137,652
a Amounts paid	82,417	99	82,318	60,223	58	60,165
b Change in reserve for amounts to be paid	-537	198	-735	-1,301	0	-1,301
c Change in mathematical reserves	53,798	167	53,631	79,924	339	79,585
d Change in technical reserves when investment risk is borne by policyholders and in reserves arising from pension fund management	0	0	0	0	0	0
e Change in other technical reserves	-706	-10	-696	-797	0	-797

Condensed Consolidated financial statements as at 30 June 2015

Breakdown of insurance operating costs

(€/000)

	Non-life business		Life business	
	30/06/15	30/06/14	30/06/15	30/06/14
Gross commissions and other acquisition costs	109,005	102,681	6,075	7,458
a Acquisition commissions	79,234	73,948	2,560	2,431
b Other acquisition costs	25,419	24,273	3,127	4,513
c Change in deferred acquisition costs	-45	63	-27	-139
d Premium collection commissions	4,397	4,397	415	653
Profit participation and other commissions received from reinsurers	-2,062	-2,174	-89	-69
Investment management costs	672	693	500	505
Other administrative costs	13,200	11,779	1,513	1,561
Total	120,815	112,979	7,999	9,455

Vittoria Assicurazioni S.p.A.

Condensed Consolidated financial statements as at 30 June 2015

Breakdown of property, plant and equipment and intangible assets

(€/000)

	At cost	Deemed cost or fair value	Total carrying amount
Investment property	87,177	-	87,177
Other property	557,465	-	557,465
Other items of property, plant and equipment	9,822	-	9,822
Other intangible assets	24,646	-	24,646

Vittoria Assicurazioni S.p.A.

Condensed Consolidated financial statements as at 30 June 2015

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

(€/000)

	Unit- and index-linked benefits		Benefits relating to pension-fund management		Total	
	30/06/15	31/12/14	30/06/15	31/12/14	30/06/15	31/12/14
On-balance sheet assets	52,336	50,077	16,377	15,588	68,713	65,665
Intragroup assets *	0	0	0	0	0	0
Total assets	52,336	50,077	16,377	15,588	68,713	65,665
On-balance sheet liabilities	52,336	50,077	16,377	15,588	68,713	65,665
On-balance sheet technical reserves	0	0	0	0	0	0
Intragroup liabilities*	0	0	0	0	0	0
Total Liabilities	52,336	50,077	16,377	15,588	68,713	65,665

* Assets and liabilities eliminated in consolidation process

Vittoria Assicurazioni S.p.A.
Condensed Consolidated financial statements as at 30 June 2015

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

	Carrying amount		Fair value							
	31/12/2014		Level 1		Level 2		Level 3		Total	
	30/06/2015	31/12/2014	30/06/2015	31/12/2014	30/06/2015	31/12/2014	30/06/2015	31/12/2014	30/06/2015	31/12/2014
Assets										
Held to maturity investments	56,173	56,709	59,560	60,491	0	0	0	0	1,469	61,960
Loans and receivables	99,909	82,178	0	0	0	0	0	99,909	82,178	82,178
Investments in subsidiaries and associates and interests in joint ventures	24,756	22,292	0	0	0	0	0	24,756	22,292	22,292
Investment property	87,171	88,440	0	0	0	0	0	89,000	89,000	89,000
Tangible assets	557,465	553,374	0	0	0	0	0	643,589	634,818	634,818
Total assets	825,460	802,993	59,560	60,491	-	-	-	858,609	829,757	890,248
Liabilities										
Other financial liabilities	166,747	314,166	0	0	0	0	0	166,747	314,166	314,166

Consolidation scope: interests in subsidiaries with significant minority interests

(€'000)

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

Vittoria Assicurazioni S.p.A.
 Condensed Consolidated financial statements as at 30 June 2015
Interests in unconsolidated structured entities

(€000)

Structured entity name	Revenues from structured entity during the year	Book value (at the date of the transfer) of assets transferred to the structured entity during the year	Book value of assets recognised in own financial statement and related to the structured entity	Balance sheet asset item	Book value of liabilities recognised in own financial statement and related to the structured entity	Balance sheet liabilities item	Maximum loss risk exposure

Note: this table is also requested for the purposes of financial statement reporting IAS/IFRS (note 2) and half-yearly reporting (note 4) when IFRS 12.6 conditions are met.

Management Attestation

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

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

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

of the administrative and accounting procedures employed to draw up 2015 half-yearly consolidated financial statements.

2. In this respect no remarks emerged besides what already reported in Director's report to the Consolidated half-year financial report as at 30 June 2015.

3. The undersigned also certify that:

3.1 The half-yearly consolidated financial statements as at June 30th 2015:

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

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

Milan, 30 July 2015

Roberto Guarena
Managing Director

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

Report of Independent Auditors

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

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

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Vittoria Assicurazioni S.p.A. and subsidiaries (the “Vittoria Group”), which comprise the statement of financial position as of 30th June 2015, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flow for the six month period then ended, and related notes. The Directors are responsible for the preparation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Basis for preparation

As reported in the notes, the half-yearly condensed consolidated financial statements have been prepared in accordance with reporting requirements provided by Regulation ISVAP n. 7 of July 13, 2007.

DELOITTE & TOUCHE S.p.A.

Signed by
Vittorio Frigerio
Partner

Milan, Italy
August 5th, 2015

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