

Press Release

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Milano, 15 March 2018

Vittoria Assicurazioni S.p.A.

Vittoria Assicurazioni is an independent insurance company, founded in Milan in 1921. The company is active in all life and non-life lines, covering the whole of Italy via an extensive commercial network. Vittoria's mission is to be the elective insurer of families and small and medium sized enterprises.

Vittoria Assicurazioni S.p.A.

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The Company approves the 2017 Financial Statement and the first Sustainability Report. Premium increase by 4.4%. ROE is at 10.8% and the Solvency II ratio is at 210.5%. Dividend set at 0.28 euro per share (+33.3%).

The **Consolidated Financial Statement** reports a **Net Profit** of € 77.5 million (IFRS accounting standards) decreasing of 12% without the impact of extraordinary capital gain realized in 2016. Such decrease is of 42.8% if the extraordinary capital gain are taken into account.

Non-Life Premium (direct business) increase by 6.2% while **Life Premium** (direct business) decrease by 6.2%.

Non-Life Loss Ratio¹ (retained business) is 65.1% (64.6% in 2016) and the **Combined Ratio**² is 90.0% (89.4% in 2016).

The **Consolidated Net Equity** increases by 11.1% and amounts to € 828.6 million.

The Solvency II Ratio is 210.5% (last estimate based on the Standard Formula and Undertakings Specific Parameters calculations).

¹ Claims / earned premiums (retained business)

² (Claims + operating expenses + intangibles amortisation + net technical accounts) / earned premiums (retained business)

Today the Company Board of Directors reviewed the 2017 Financial Statement and approved the Company first release of the 2017 Sustainability Report according to D.Lgs. n.254 of 30 December 2016 which implemented the European Directive 2014/95/UE.

The Board of Directors is going to propose to the next Shareholders' Meeting to increase the dividend to 0.28 euro per share (+33.3%). The dividend will be paid from the 9th of May, 2018 after the coupon n. 36 stripping that will be the 7th of May with record date the 8th of May 2018.

Consolidated Financial Result (IFRS accounting standards)

The Consolidated Net Profit amounts to € 77.5 million vs. € 135.4 million reported in 2016 (-42.8%). The 2016 result benefited of extraordinary capital gains of c. € 47 million (net of tax) from the sale of part of Italian State Government Bond which allowed the Company to better diversify its fixed income investments in 2017. Without the impact of the capital gains the decrease of the 2017 Net Profit would have been -12% which is mainly due to lower financial result and a slight decrease of the Motor business technical result due to high value claims occurred in 2017.

ROE is therefore 10.8% vs. 21.6% of the previous year. Net of realized extraordinary capital gains, 2016 ROE would have been 14.6%.

The result of the insurance business, gross of taxes and intercompany adjustment, is € 113.4 million decrease by 42.2% compared to 2016 result of € 196.1 million because of the above mentioned extraordinary capital gains.

Non-Life Business

Total non-life premium, (direct and indirect business) increase by +6.2% and amount to € 1,148.2 million (€ 1,081.2 million in 2016).

Motor volumes reach € 819.4 million (+5.4%) while Non Motor premium amount to € 328.6 million and are +8% on the previous year (€ 304 million in 2016).

The retained combined ratio is 90.0% (89.4% in 2016) and reflects a loss ratio of 65.1% (64.6%).

Gross non-life profit decreases from € 194.0 million to € 107 million in 2017 (-44.8%) mainly due to lower net investment income and a slight decrease of the technical result of the Motor business due to high value claims occurred in 2017.

Gross profit, net of financial income, decreases by 5.3% compared to last year.

Life Business

Direct Life premium, which do not include contracts considered to be financial instruments, amount to € 173.1 million, decreasing by 6.2% vs last year. The strategy aimed at decreasing single premiums linked to segregated funds in favor of products with high financial content is currently under way.

The gross life result of € 6.2 million is growing with respect to the previous year (€ 2.2 million).

Real Estate

The real estate segment reports a loss of € 0.8 million and improves strongly if compared to the loss of € 4.5 million reported in 2016. The result is mainly due to the positive margins on sales and costs reduction.

Investments Result

Total Investments increased by 7.9% and amount of € 3,614.0 million. Investments with risk borne by the policyholders amount to € 76.5 million (+34.7%) while € 3,537.5 million are investments with risk borne by the Group (+7.5%).

Net income from investments with risk borne by the Group amounts to € 47.2 million vs € 121.4 million of the previous period (-61.1%). The reduction is due to the above mentioned extraordinary capital gains recorded in 2016 and the diversification of the fixed income investments occurred in 2017.

Consolidated Net Equity

The Group net equity amounts to € 828.6 million and increase by 11.1% (€ 745.6 million). The AFS reserve is positive and amount to € 77 million (€ 58.6 million) mainly due to the increase of the unrealized capital gains on stocks.

Direction and coordination

From 29 June 2017, Yafa S.p.A., the parent company of the Vittoria Assicurazioni Group, exercises the direction and the coordination of the activities, according to the areas identified by the Group rules.

Financial Statements Vittoria Assicurazioni S.p.A. (Italian accounting standards)

The net profit of Vittoria Assicurazioni S.p.A. amounts to € 78.4 million vs € 139.5 million of last year (-43.7%) that benefited of an extraordinary capital gain of € 44.0 million, net of taxes, from the sale of the Italian government bonds occurred in 2016 and aimed at the diversification of the fixed income portfolio.

Total premium are € 1,339.3 million (€ 1,270.7 million) with an increase of 6.2% in the Non-Life business and of 0.9% in the Life business.

The retained Loss and Combined Ratio amount to 65.1% and 90.0% respectively (64.6% and 89.4% in 2016).

The Solvency Ratio (ratio between Own Funds and S.C.R.) with Volatility Adjustment in accordance with ISVAP regulation no. 7/2008 amended and supplemented by IVASS Provision no. 53/2016, based on the standard formula and the Undertaking Specific Parameters calculation is estimated at 210.5%.

The Company **Chief Executive Officer**, Cesare Caldarelli stated: "The insurance business results exceed the expectations thanks to the commercial action taken during the year for both the Motor and Non-Motor business. For that reason we can propose to the Shareholders' Meeting to significantly increase the dividend. In a very competitive environment we are still increasing the number of clients. Despite the increase in the number and value of high value claims, the combined ratio remains under the target stated in the three year plan. We look at the 2018 with trust knowing that the path that the Company has taken in the innovation of its processes and customer care will consolidate the strengths and will allow to reach the objectives set in the plan."

The Board of Directors approved to convene the Shareholders' Meeting for the approval of the Financial Statements as of 31 December 2017 the 27th of April, 2018.

The complete text of the meeting notice, of the proposed resolutions, of the reports of the Board of

Directors relating to the items on the agenda, as well as the related documentation, will be available in accordance with the law, at the registered office of the Company, as well as on the Company website www.vittoriaassicurazioni.com (under the Section Investor Relation/Shareholders' Meeting), on that of the Italian Stock Exchange www.borsaitaliana.it and on the authorized eMarket-Storage.

The C.F.O. of Vittoria Assicurazioni S.p.A., Mr. Luca Arensi, herewith declares, pursuant to paragraph 2, Article 154/2 of the Italian Consolidated Finance Act (Testo Unico della Finanza), that the accounting disclosure contained in this press release matches documentary evidence, corporate books, and accounting records.

Attachments

Restated Local and Consolidated Balance Sheet, Income Statement and Cash Flow Statements, pending the issuance of the External Auditor and Statutory Auditors Reports.

Vittoria Assicurazioni S.p.A. (Italian accounting standard)

(€/000)

ASSETS	31/12/2017	31/12/2016
Investments		
Land and buildings	187,695	188,202
Investments in group and other companies		
- Equity investments	528,610	550,386
- Loans	14,223	21,233
Other financial investments:		
- Unit trust units	387,838	69,624
- Bonds and other fixed-interest securities	1,969,841	1,954,848
- Loans	7,303	8,378
- Other financial investments	3,000	2,000
Deposits with ceding companies	149	149
Investments benefiting life policyholders	76,225	56,349
Total investments	3,174,884	2,851,169
Receivables		
Receivables relating to direct insurance business from:		
- Policyholders	57,322	52,209
- Insurance brokers and agents	87,781	95,771
- Current account companies	9,407	6,177
- Amounts to be recovered from policyholders and third parties	24,113	24,090
Receivables relating to reinsurance business	3,045	811
Other receivables	63,503	40,824
Total receivables	245,171	219,882
Intangible assets	12,615	14,525
Tangible assets and inventory	6,840	7,575
Liquid funds	84,422	226,094
Other assets	72,624	79,351
Prepayments and accrued income	28,149	29,517
TOTAL ASSETS	3,624,705	3,428,113

(€/000)

LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2017	31/12/2016
Shareholders' equity		
- Share capital	67,379	67,379
- Share premium reserve	33,355	33,355
- Revaluation reserves	18,193	18,193
- Legal reserve	12,678	12,628
- Other reserves	519,480	394,192
- Net profit (loss) for the year	78,445	139,487
Total shareholders' equity	729,530	665,234
Technical reserves, net of reinsurance		
- Premium reserve	391,147	377,050
- Claims reserve	1,103,175	1,079,822
- Mathematical reserves	1,148,335	1,064,896
- Reserve for amounts payable	21,306	26,329
- Other technical reserves	13,352	13,119
- Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management	76,225	56,349
Total technical reserves	2,753,540	2,617,565
Payables		
Deposits from reinsurers	6,418	12,933
Payables arising from direct insurance business due to:		
- Insurance brokers and agents	4,855	5,029
- Current account companies	2,671	2,066
- Guarantee deposits and premiums paid by policyholders	1,143	1,118
- Guarantee funds in favour of policyholders	460	240
Payables arising from reinsurance business	8,676	7,504
Other sums payable	61,440	65,197
Total payables	85,663	94,087
Provisions for contingencies and other charges	23,641	21,395
Employees' leaving entitlement	2,876	2,905
Other liabilities	29,427	26,913
Accrued expenses and deferred income	28	14
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,624,705	3,428,113

(€/000)

RECLASSIFIED INDIVIDUAL PROFIT AND LOSS ACCOUNT	31/12/2017	31/12/2016
Technical account		
Life businesses:		
Direct insurance		
(+) Gross premiums accounted for	191,144	189,469
(-) Charges relating to claims	115,704	138,301
(-) Change in mathematical and other technical reserves	92,389	61,766
(+) Other technical captions, net	-248	153
(-) Operating costs	15,823	17,474
(+) Return on investments where the company bears the risk net of the portion transferred to the non-technical account	31,309	27,694
(+) income on investments where policyholders bear the risk - Class D	2,416	0
Direct insurance result	705	26,329
Outwards reinsurance result	1,488	13,119
Retained direct insurance result	2,193	
Indirect and retroceded insurance result	0	
Result of life business technical account	2,193	-463
Non-life businesses:		
Direct insurance		
(+) Gross premiums accounted for	1,148,072	1,081,145
(-) Change in premium reserve	10,318	357
(-) Charges relating to claims	754,462	698,257
(+) Other technical captions, net	-4,515	-6,453
(-) Operating costs	270,661	251,821
Direct insurance result	108,116	124,257
Outwards reinsurance result	4,585	-7,079
Retained direct insurance result	112,701	117,178
Indirect and retroceded insurance result	57	42
Total retained direct insurance result	112,758	117,220
(-) Change in equalisation reserves	614	567
(+) Income on investments transferred from the non-technical account	0	13,974
Result of non-life business technical account	112,144	130,627
Result of technical account	114,337	130,164
(+) Income on non-life business investments net of the portion transferred to the technical account	-2,580	4,897
(+) Income on investments transferred from the life business technical account	2,776	2,565
(+) Other income	2,636	2,840
(-) Other charges	12,498	11,781
Result of ordinary business	104,671	128,685
(+) Extraordinary income	8,171	71,825
(-) Extraordinary expense	504	337
Profit (loss) before taxation	112,338	200,173
(-) Taxation on profit for the year	33,893	60,686
Net profit (loss)	78,445	139,487

(€/000)

STATEMENT OF CASH FLOWS	31/12/2017	31/12/2016
Net profit for the year	78,445	139,487
Positive or negative adjustments relating to unsettled positions:		
Net increase (+) decrease (-) in:		
claims reserve	21,367	49,339
premium reserve	14,714	1,179
life business technical reserves	99,899	66,325
Increase (-) Decrease (+) in receivables from policyholders	-5,113	3,401
Net increase (-) decrease (+) in agent, reinsurer and coinsurer balances	-2,384	7,564
Net increase (-) decrease (+) in intangible assets	1,910	1,769
Increase in specific provisions	2,247	15,305
Employees' severance indemnity :		
accruals	2,436	2,415
utilisation	-2,466	-2,739
Increase (-) decrease (+) in other receivables, sundry assets and accrued income	-39,657	28,629
Increase (+) decrease (-) in other sums payable, other liabilities and accrued expenses	24,799	5,306
Adjustments to securities	13,556	11,125
Adjustments to class D securities	-347	-51
Cash flow arising from income management	209,406	329,054
Disposal of fixed assets	865	1,354
Sale of bonds and other fixed-interest securities	662,617	1,043,197
Sale of investments	30,344	8,262
Sale of unit trusts	47,773	3,084
Sale of class D	10,510	8,283
Repayment of loans and borrowings	14,405	3,438
Other financial disinvestments	2,000	2,010
Cash flow arising from disinvestments	768,514	1,069,628
Cash flow generated	977,920	1,398,682

(€/000)

STATEMENT OF CASH FLOWS**31/12/2017****31/12/2016**

Buildings	8,074	7,635
Fixed-interest securities	679,922	1,153,851
Investments	9,330	91,792
Unit trusts	368,754	25,922
Other financial investments	3,000	2,000
Class D investments	30,040	5,945
Loans to third parties	6,321	10,172
Previous year's dividend distributed	14,150	13,476
Total cash flows (used in)	1,119,591	1,310,793
Increase/decrease in cash and cash equivalents	-141,671	87,889
Total	977,920	1,398,682
Cash and cash equivalents at the beginning of the year	226,094	138,205
Cash and cash equivalents at the end of the year	84,422	226,094

Consolidated Financial Statements

(€/000)

BALANCE SHEET - ASSETS	31/12/2017	31/12/2016
INTANGIBLE ASSETS	6,673	9,065
Goodwill	0	0
Other intangible assets	6,673	9,065
PROPERTY, PLANT AND EQUIPMENT	507,367	545,488
Property	500,625	537,862
Other items of property, plant and equipment	6,742	7,626
REINSURERS' SHARE OF TECHNICAL RESERVES	63,263	63,481
INVESTMENTS	2,999,762	2,548,149
Investment property	111,240	89,428
Investments in subsidiaries and associates and interests in joint ventures	19,357	20,138
Held to maturity investments	44,051	44,268
Loans and receivables	192,126	128,677
Financial assets available for sale	2,556,399	2,208,766
Financial assets at fair value through profit or loss	76,589	56,872
OTHER RECEIVABLES	190,581	188,720
Receivables relating to direct insurance	155,238	153,950
Receivables relating to reinsurance business	3,045	811
Other receivables	32,298	33,959
OTHER ASSETS	140,567	132,205
Non-current assets or assets of a disposal group classified as held for sale	0	0
Deferred acquisition costs	6,236	5,876
Deferred tax assets	91,506	103,774
Current tax assets	32,552	12,429
Other assets	10,273	10,126
CASH AND CASH EQUIVALENTS	113,650	262,936
TOTAL ASSETS	4,021,863	3,750,044

(€/000)

BALANCE SHEET - EQUITY AND LIABILITIES**31/12/2017****31/12/2016**

	31/12/2017	31/12/2016
EQUITY	828,827	745,805
attributable to the shareholders of the parent	828,636	745,611
Share capital	67,379	67,379
Other equity instruments	0	0
Equity-related reserves	33,874	33,874
Income-related and other reserves	572,926	450,642
(Treasury shares)	0	0
Translation reserve	0	0
Fair value reserve	76,985	58,612
Other gains or losses recognised directly in equity	-11	-263
Profit for the year attributable to the shareholders of the parent	77,483	135,367
attributable to minority interests	191	194
Share capital and reserves attributable to minority interests	194	199
Gains or losses recognised directly in equity	0	0
Profit for the year attributable to minority interests	-3	-5
PROVISIONS	16,549	12,829
TECHNICAL RESERVES	2,773,170	2,661,219
FINANCIAL LIABILITIES	237,877	158,707
Financial liabilities at fair value through profit or loss	76,576	56,866
Other financial liabilities	161,301	101,841
PAYABLES	83,042	78,258
Payables arising from direct insurance business	9,129	8,454
Payables arising from reinsurance business	8,676	7,504
Other sums payable	65,237	62,300
OTHER LIABILITIES	82,398	93,226
Liabilities of a disposal group held for sale	0	0
Deferred tax liabilities	45,645	50,335
Current tax liabilities	525	4,484
Other liabilities	36,228	38,407
TOTAL EQUITY AND LIABILITIES	4,021,863	3,750,044

(€/000)

INCOME STATEMENT**31/12/2017** **31/12/2016**

Net premiums	1,270,013	1,233,106
Gross premiums	1,311,685	1,266,110
Ceded premiums	41,672	33,004
Commission income	333	901
Gains or losses on remeasurement of financial instruments at fair value through profit or loss	7	-4
Gains on investments in subsidiaries and associates and interests in joint ventures	529	567
Gains on other financial instruments and investment property	51,650	132,063
Interest income	29,969	53,558
Other income	19,455	8,113
Realised gains	2,226	70,351
Unrealised gains	0	41
Other income	23,483	23,093
TOTAL REVENUE	1,346,015	1,389,726
Net charges relating to claims	900,482	872,542
Amounts paid and change in technical reserves	942,541	893,769
Reinsurers' share	-42,059	-21,227
Commission expense	117	53
Losses on investments in subsidiaries and associates and interests in joint ventures	1,717	4,450
Losses on other financial instruments and investment property	9,971	9,358
Interest expense	342	2,193
Other expense	2,588	2,085
Realised losses	149	9
Unrealised losses	6,892	5,071
Operating costs	289,860	278,946
Commissions and other acquisition costs	238,921	221,162
Investment management costs	2,019	1,552
Other administrative costs	48,920	56,232
Other costs	33,030	35,788
TOTAL COSTS	1,235,177	1,201,137
PROFIT FOR THE YEAR BEFORE TAXATION	110,838	188,589
Income taxes	33,068	53,227
PROFIT FOR THE YEAR	77,770	135,362
GAIN (LOSS) ON DISCONTINUED OPERATIONS	-290	0
CONSOLIDATED PROFIT (LOSS)	77,480	135,362
of which attributable to the shareholders of the parent	77,483	135,367
of which attributable to minority interests	-3	-5
Basic EARNINGS per share	1.15	2.01
Diluted EARNINGS per share	1.15	2.01

(€/000)

CONSOLIDATED FINANCIAL STATEMENTS

	31/12/2017	31/12/2016
CONSOLIDATED PROFIT (LOSS)	77,480	135,362
Other comprehensive income, net of taxes without reclassification to profit or loss	252	-165
Changes in the equity of investees	0	0
Changes in intangible asset revaluation reserve	0	0
Changes in tangible asset revaluation reserve	0	0
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	0	0
Actuarial gains and losses and adjustments related to defined benefit plans	252	-165
Other items	0	0
Other comprehensive income, net of taxes with reclassification to profit or loss	18,373	-66,570
Change in translation reserve	0	0
Gains or losses on available for sale investments	18,373	-66,570
Gains or losses on hedging instruments	0	0
Gains or losses on hedging instruments of net investment in foreign operations	0	0
Changes in the equity of investees	0	0
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	0	0
Other items	0	0
TOTAL OTHER COMPREHENSIVE INCOME	18,625	-66,735
TOTAL CONSOLIDATED COMPREHENSIVE INCOME (LOSS)	96,105	68,627
of which attributable to the shareholders of the parent	96,108	68,632
of which attributable to minority interests	-3	-5

	(€/000)	
CONSOLIDATED STATEMENTS OF CASH FLOW - INDIRECT METHOD	31/12/2017	31/12/2016
Profit for the year before taxation	110,838	188,589
Change in non-monetary items	93,055	127,597
Change in non-life premium reserve	13,454	53
Change in claims reserve and other non-life technical reserves	23,354	51,327
Change in mathematical reserves and other life technical reserves	75,361	47,230
Change in deferred acquisition costs	-360	-85
Change in provisions	3,720	6,207
Non-monetary gains and losses on financial instruments, investment property and investments in subsidiaries and associates and interest	-3,644	-1,521
Other changes	-18,830	24,386
Change in receivables and payables arising from operating activities	2,923	9,992
Change in receivables and payables relating to direct insurance and reinsurance	-1,675	16,189
Change in other receivables and payables	4,598	-6,197
Taxes paid	-33,068	-53,227
Net cash flow generated by/used for monetary items from investing and financing activities	-7	4
Liabilities from financial contracts issued by insurance companies	19,710	-2,546
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	-19,717	2,550
NET CASH FLOW FROM OPERATING ACTIVITIES	173,741	272,955
Net cash flow generated by/used for investment property	-21,812	-3,844
Net cash flow generated by/used for investments in subsidiaries and associated companies and interests in joint ventures	1,903	3,780
Net cash flow generated by/used for loans and receivables	-63,449	-21,824
Net cash flow generated by/used for held to maturity investments	217	215
Net cash flow generated by/used for financial assets available for sale	-326,486	-90,554
Net cash flow generated by/used for property, plant and equipment	40,513	20,008
Other net cash flows generated by/used for investing activities	-290	0
NET CASH FLOW FROM INVESTING ACTIVITIES	-369,404	-92,219
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	-14,150	-13,475
Net cash flow generated by/used for share capital and reserves attributable to minority interests	1,067	-9,904
Net cash flow generated by/used for subordinated liabilities and equity instruments	0	0
Net cash flow generated by/used for other financial liabilities	59,460	-61,558
NET CASH FLOW FROM FINANCING ACTIVITIES	46,377	-84,937
Effect of exchange rate gains/losses on cash and cash equivalents	0	0
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	262,936	167,137
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-149,286	95,799
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	113,650	262,936