



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

COMPANY BEING PART OF VITTORIA ASSICURAZIONI GROUP REGISTERED TO REGISTER OF
INSURANCE GROUPS NO.008

SUBJECT TO THE DIRECTION AND COORDINATION EXERCISED BY THE PARENT COMPANY
YAFA S.P.A.

Business report for the 96th year

2017 Annual Report & Accounts

DRAFT

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

Table of contents	page
Corporate bodies and officers	4
Directors' report	7
Balance Sheet & Income Statement	45
Explanatory Notes to Accounts	65
Format and content of year-end financial statements	65
Reclassified Balance Sheet	66
Reclassified Income Statement	68
Parte A - Accounting policies	69
Parte B - Information on Balance Sheet and Income Statement	84
Balance Sheet	84
Income Statement	110
Tax schedules	121
Parte C - Other information	124
Appendices 1-32 to Explanatory Notes	134
Attestation of financial statements in accordance with art. 153 of Legislative Decree 58/98	193
Board of statutory auditors' report	195
Independent auditors' and actuarial report	201

BOARD OF DIRECTORS

Carlo ACUTIS Andrea ACUTIS	Emeritus Chairman Chairman
Roberto GUARENA	Deputy Chairman
Cesare CALDARELLI	Chief Executive Officer
Adriana ACUTIS BISCARETTI di RUFFIA	Director
Marco BRIGNONE	Independent director
Giorgio Roberto COSTA	Director
Lorenza GUERRA SERÀGNOLI	Independent director
Giorgio MARSIAJ	Independent director
Maria Antonella MASSARI	Independent director
Marzia MORENA	Independent director
Luca PAVERI FONTANA	Director
Giuseppe SPADAFORA	Independent director
Roberta URBAN	Independent director
Laura MILANO	Secretary

BOARD OF STATUTORY AUDITORS

Giuseppe CERATI	President
Giovanni MARITANO Francesca SANGIANI	Standing statutory auditor Standing statutory auditor
Monica MANNINO Maria Filomena TROTTA	Substitute statutory auditor Substitute statutory auditor

GENERAL MANAGEMENT

Claudio RAMPIN	Joint General Manager
Matteo CAMPANER Paolo NOVATI	Deputy Director Deputy Director
Luca ARENSI Adriano CHIOETTO Maurizio MONTICELLI Giuseppe TRAVERSO Enzo VIGHI	Central Manager Central Manager Central Manager Central Manager Central Manager

INDEPENDENT AUDITOR

Deloitte & Touche S.p.A.

APPOINTMENTS AND REMUNERATION COMMITTEE

Maria Antonella MASSARI	Independent non-executive president
Giuseppe SPADAFORA	Independent non-executive member
Roberta URBAN	Independent non-executive member

INTERNAL CONTROL COMMITTEE

Giuseppe SPADAFORA	Independent non-executive president
Maria Antonella MASSARI	Independent non-executive member
Roberta URBAN	Independent non-executive member

FINANCE COMMITTEE

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

REAL ESTATE COMMITTEE

Andrea ACUTIS	Non-executive president
Adriana ACUTIS BISCARETTI di RUFFIA	Non-executive member
Carlo ACUTIS	Non-executive member
Cesare CALDARELLI	Executive member
Giorgio Roberto COSTA	Non-executive member
Marzia MORENA	Independent non-executive member
Luca PAVERI FONTANA	Non-executive member
Giuseppe SPADAFORA	Independent non-executive member

RELATED PARTIES COMMITTEE

Roberta URBAN	Independent non-executive president
Marco BRIGNONE	Independent non-executive member
Giuseppe SPADAFORA	Independent non-executive member

STRATEGIES COMMITTEE

Andrea ACUTIS	Non-executive president
Carlo ACUTIS	Non-executive member
Cesare CALDARELLI	Executive member
Luca PAVERI FONTANA	Non-executive member
Giuseppe SPADAFORA	Independent non-executive member
Roberta URBAN	Independent non-executive member

Directors' report

Table of contents

Main Key Performance Indicators	9
Strategic goals	12
Review of operating performance	13
Non-Life business	17
Reinsurance	22
Products - Research and development	23
Overhead costs – direct business	24
Operating costs – direct business	24
Investments	25
Real estate	27
Fixed-income securities, investments and mutual investment funds	27
Investments benefiting Life policyholders who bear related risk and relating to pension fund management	30
Risk Report	31
Human resources	39
Relations with the Supervisory Authority	40
Solvency Capital Requirements	40
Management and coordination	41
Infragroup and related-party transactions	42
Report on remuneration	43
Report on corporate governance and ownership structures	43
Performance in early months of FY2018 and business outlook	44
Allocation of earnings	45

€/million

Main Key Performance Indicators			
	31/12/2017	31/12/2016	Δ
Non Life business			
Gross Premiums written - direct Non Life business	1,148.1	1,081.1	6.2%
(1) - Loss Ratio (retained)	65.1%	64.6%	0.5
(2) - Combined Ratio (retained)	90.0%	89.4%	0.6
(3) - Expense Ratio (retained)	24.5%	24.7%	(0.2)
Non Life business technical balance (before transferral of technical profits from investments)	112.1	116.7	(3.9)%
Net Income Non Life business	75.0	138.5	(45.8)%
Life business			
Gross Premiums written - direct Life business	191.1	189.5	0.9%
(4) Annual Premium Equivalent (APE)	28.4	28.0	1.4%
Segregated fund performance: Rendimento Mensile	2.93%	3.03%	(0.10)
Segregated fund performance: Obiettivo Crescita	3.29%	2.19%	1.10
Segregated fund performance: Valore Crescente	4.21%	4.61%	(0.40)
Segregated funds assets	1,115.2	1038.9	7.3%
Index/Unit - linked and Pension funds assets	76.2	56.3	35.3%
Life business technical balance	2.2	(0.5)	n.s.
Net Income Life business	3.4	1.0	n.s.
Total Agencies	444	430	14
Average of employees	540	536	4
Investments with the risk borne by the Company	3,098.7	2,794.8	10.9%
Overhead costs as a % of GPW - direct business	7.7%	8.2%	(0.5)
Total net ordinary and extraordinary income from investments with risk borne by the Company	33.7	114.7	(70.6)%
Profit (loss) before taxation	112.3	200.2	(43.9)%
Net profit (loss)	78.4	139.5	(43.8)%
Shareholders' equity	729.5	665.2	9.7%
ROE	11.2%	23.2%	(12.0)
Dividend per share	0.28	0.21	33.3%

Legend

- 1) Loss Ratio – retained business: is the ratio of current year claims to current year earned premiums;
- 2) Combined Ratio – retained business: is the ratio of (current year claims + operating costs + intangible assets amortization + technical charges) to current year earned premiums;
- 3) Expense Ratio – retained business: is the ratio of (operating costs + intangible assets amortization + net technical charges) to current year gross premiums written;
- 4) 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.

Dear Shareholders,

The financial statements for our 96th financial year submitted for your approval show a net profit of 78,445 thousand euro. The year 2016 showed a net profit of 139,487 thousand euro, achieved also thanks to an extraordinary capital gains of Italian government securities allocated to the Non-life segment, which generated capital gains of 44,037 thousand euro, net of the tax effect.

This transaction is therefore due to the bending of the net result (-43.8%), as well as the decrease in gains related to investments where the company bears the risk which from 114,717 thousand euro as at 31 December 2016 to 33,718 thousand euro as at 31 December 2017, in reduction of 70.6%.

Thanks to the continuous actions aimed at the consolidation and development of the existing portfolio, insurance premiums written recorded an increase of 5.4%: total premiums written as at 31 December 2017 amounted to 1,339,317 thousand euro (1,270,731 thousand euro as at 31 December 2016), with an increase of 6.2% in Non-Life business and premiums in Life Businesses almost unchanged, following the shift in distribution from products with revaluable single premiums products linked to segregated funds, to products with a predominantly financial component.

In particular, Motor and Non-Marine line of businesses continue to make a positive result, thanks to the continuous review of risks in the portfolio, a careful underwriting new risks policy and a steady pricing review.

Technical management trend, however positive, shows a slight decrease compared to the previous year, mainly due to the continuing reduction in the average premium paid by policyholders in the Motor TPL, a phenomenon that is registered at the market level.

Thanks to the operations undertaken in past years, aimed at achieving the technical balance in the Credit and Deposit Line of businesses, the Special Lob show a positive result, compared to the negative results recorded in previous years.

Life Businesses show a positive result, increased compared to the previous year.

The loss ratio and the combined ratio for retained business are respectively: 65.1% and 90.0% (64.6% and 89.4% in the previous year). This is the result of a prudent underwriting policy and a particular and constant focus on the rationalisation of administrative costs.

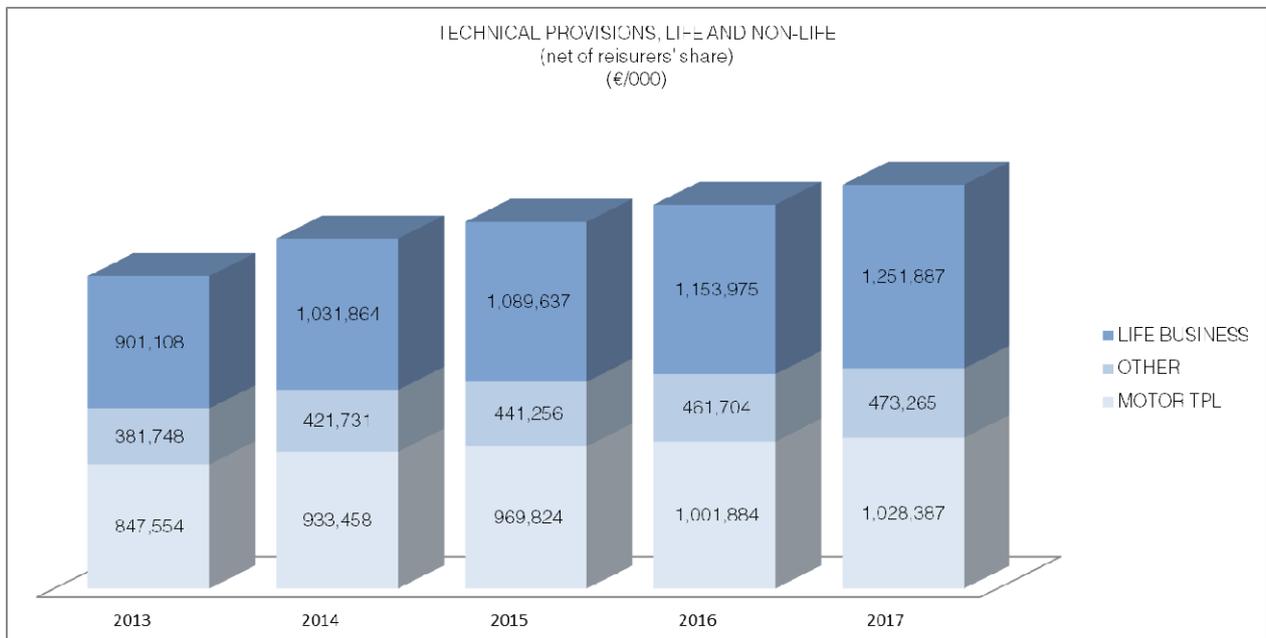
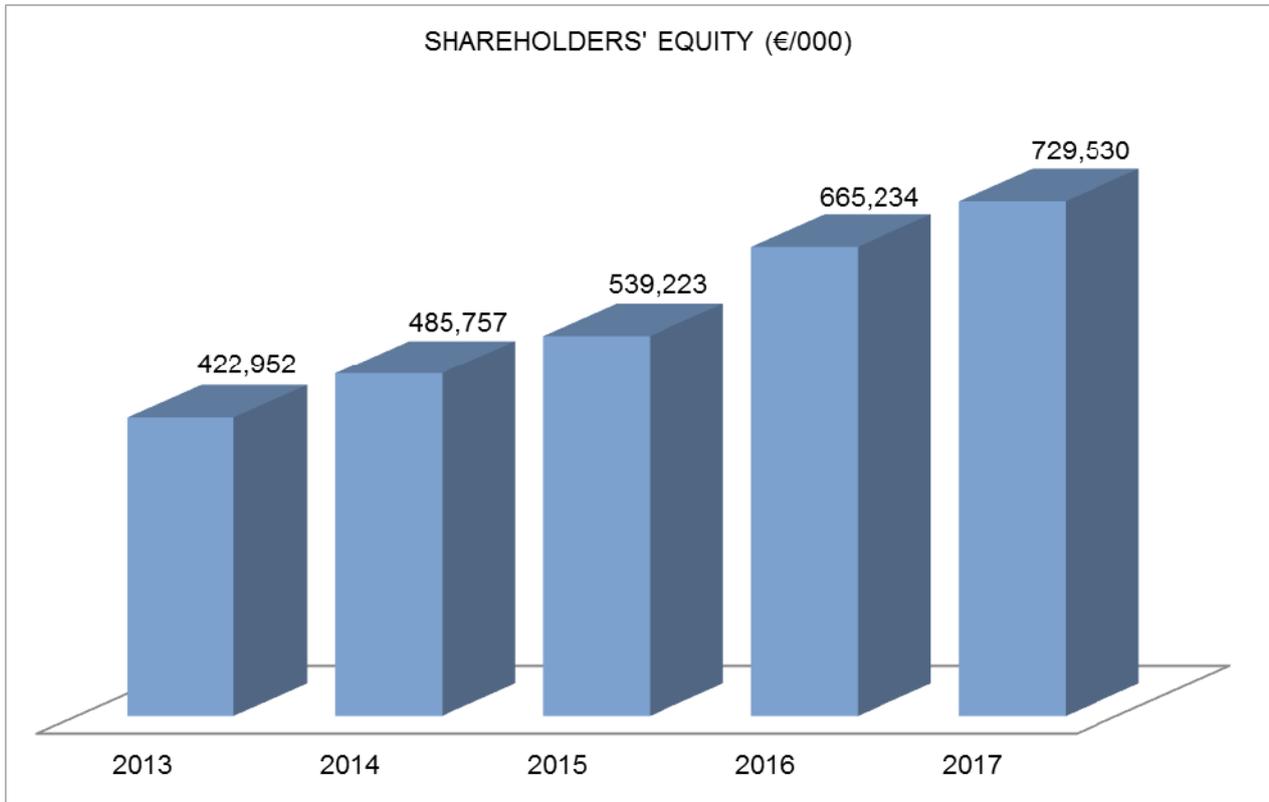
Investments, in more detail illustrated in the chapter "Investment assets", totalled 3,174,884 thousand euro (+11.4% compared with 31 December 2016).

Group* shareholders' equity (IAS/IFRS accounting standards) totalled 828,636 thousand euro, an increase of 11.1% compared to 745,611 thousand euro recorded as at 31 December 2016.

Group's net profit totalled 77,483 thousand euro (-42.8% compared with the net profit of 135,367 thousand euro in the previous year).

* The Group definition refers to Vittoria Assicurazioni S.p.A. and to companies consolidated by it.

The following charts show local shareholders' equity trend and technical provisions amount in the last five FYs:



Strategic goals

Vittoria Assicurazioni operates in all lines of insurance business, and founds its activities on a long experience in the insurance field, gained since 1921, for the protection of individuals, families and companies.

The main objective Vittoria Assicurazioni is to honour in proper time contractual commitments to policyholders, realizing a reasonable profit margin.

This goal is supported by the achievement of technical profitability, a policy of consolidation of the portfolio acquired, the loyalty of existing customers, but also by the increase in market share in non-life and the acquisition of new production in the Life business.

In carrying out its insurance activities, Vittoria Assicurazioni pays attention to the management of its risk profile, principally through:

- an accurate risk pricing;
- a careful diversification of risks based on customer segmentation. In particular, although preferring the risks of personal lines and small / medium businesses, it is not neglected segment of large companies, on which are provided adequate reinsurance covers;
- diversification of sales channels achieved through careful geographical segmentation of markets;
- the continuous training of the agency network that determines a careful portfolio selection and a constant search for common objectives.

Next to the insurance business, Vittoria Assicurazioni implements low-risk investment policies that ensure an adequate return without departing from its risk appetite goals. Investment management, led by the profile of the insurance liabilities, pays particular attention to the protection of the financial strength of Vittoria Assicurazioni (most of the profits are reinvested in Vittoria Assicurazioni), without disregarding the search for adequate returns.

Review of operating performance

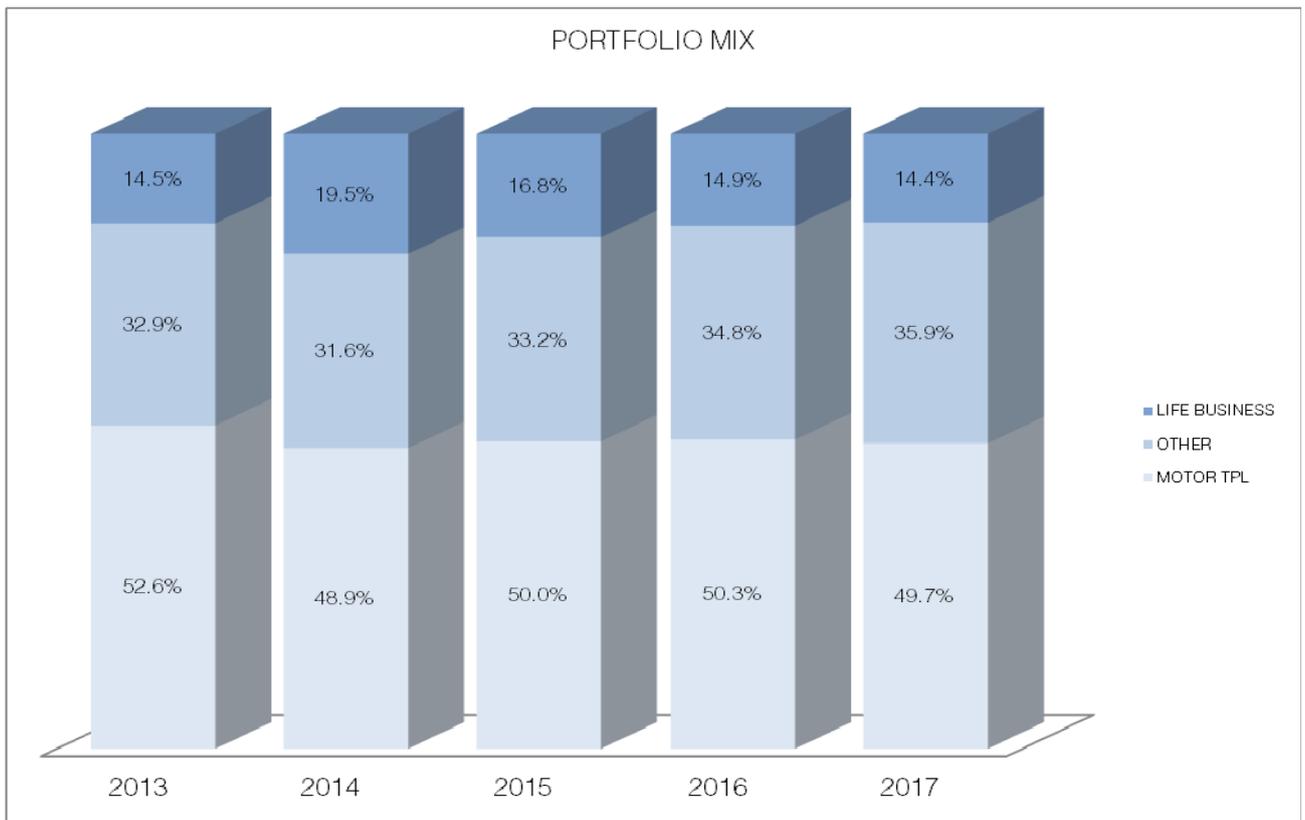
The following table compares, for each line, premiums written in FYs 2017 and 2016 and their contribution to the total portfolio mix:

	(€/000)				
	Year 2017	Year 2016	YoY change %	% of total book	
				2017	2016
Domestic direct business					
Life business					
I Whole- and term life	157,540	172,862	-8.9	11.8	13.6
III Unit-linked policies	15,497	3,309	368.3	1.2	0.3
IV Health (long-term care)	743	631	17.8	0.1	0.0
V Capitalisation	14,896	11,158	33.5	1.1	0.9
VI Unit trust management	2,468	1,509	63.6	0.2	0.1
Total Life business	191,144	189,469	0.9	14.4	14.9
Non-Life business					
Accident	90,826	80,780	12.4	6.7	6.3
Health	13,832	13,038	6.1	1.0	1.0
Fire and natural events	54,517	51,900	5.0	4.1	4.1
Miscellaneous damage	51,046	44,783	14.0	3.8	3.5
General TPL (third-party liability)	57,827	52,519	10.1	4.3	4.1
Pecuniary losses	48,188	48,418	-0.5	3.6	3.8
Legal protection	5,481	4,872	12.5	0.4	0.4
Total non-marine lines (exc. specialty and motor)	321,717	296,310	8.6	23.9	23.2
Railway rolling stock	-	4	n.v	0.0	0.0
Aircraft hulls	1	1	0.0	0.0	0.0
Marine hulls	1,225	1,099	11.5	0.1	0.1
Cargo insurance	1,726	1,335	29.3	0.1	0.1
Aviation TPL	1	2	-50.0	0.0	0.0
Credit insurance	-399	-569	n.v.	0.0	0.0
Bond insurance	4,362	5,814	-25.0	0.3	0.5
Total specialty lines	6,916	7,686	-10.0	0.5	0.7
Third-party motor liability	666,700	638,959	4.3	49.7	50.3
Third-party marine liability	1,020	961	6.1	0.1	0.1
Motor vehicle hulls	125,329	113,457	10.5	9.4	8.9
Support and assistance	26,390	23,772	11.0	2.0	1.9
Total motor lines	819,439	777,149	5.4	61.2	61.2
Total Non-Life business	1,148,072	1,081,145	6.2	85.6	85.1
Total direct business	1,339,216	1,270,614	5.4	100.0	100.0
Domestic indirect business					
Non-Life business	101	117	-13.7	0.0	0.0
Total indirect business	101	117	-13.7	0.0	0.0
Grand Total	1,339,317	1,270,731	5.4	100.0	100.0

With regard to the Italian insurance market, it is noted that premiums as up 30 September 2017 (latest Ania Trends data) show, compared to the same period of last year, a decrease in Life business of 6.2% and an increase in Non-Life business of 0.6% (of which Motor Third Party Liability of -2.7%).

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

Italian Direct Business



Life business

The range of products currently distributed by Vittoria Assicurazioni covers all insurance line of businesses.

The persistence of low interest rates has induced the Company to review its policies through the progressive shift of distribution to those products with a predominantly financial component, compared to products of pure technical-insurance component.

Vittoria Assicurazioni distributes products ranging from savings ("revaluable" policies relating to segregated funds), protection (policies covering risks of death, disability and non-self-sufficiency – long-term care) and supplementary pension plans (individual pension schemes and open-ended pension fund). In the range offered there are also unit linked policies. The tariff types used are mixed, fixed term, entire life and temporary, both in the form of annual premium and in the single premium, as well as group rates for the case of death and / or disability. The commercialized segments include also policies that provide for the possibility of converting the accrued benefit into annuity: the conversion takes place at the conditions in force when the option is exercised. The contractual conditions are constantly updated and are in line with those commodity offered by the market.

The key features of FY2017 are summarised in the following table, where they are compared with data for the previous FY:

LIFE Business - 2017 Results - Net of reinsurance							(€/000)	
	2017 Results			2016 Results			Change	%
	Non - linked	Linked	Total	Non - linked	Linked	Total		
Premium Income	172,022	17,965	189,987	183,470	4,817	188,287	1,700	0.9
Other technical Income/(Costs)	-707	474	-233	-301	477	176	-409	n.s.
Change in Technical Provisions	-80,157	-17,444	-97,601	-64,740	3,458	-61,282	-36,319	59.3
Claims paid	-105,113	-2,945	-108,058	-130,020	-7,821	-137,841	29,783	-21.6
Overheads	-14,320	-1,306	-15,626	-16,747	-562	-17,309	1,683	-9.7
Ordinary and Extraordinary Investment net income	34,265	2,415	36,679	30,009	-322	29,687	6,992	23.6
Operating Profit before Tax	5,990	-841	5,148	1,670	47	1,718	3,430	n.s

In FY2017 the funds relating to segregated funds achieved the following returns. The rate of return allocated to policyholders complies with the specific contractual terms stipulated.

	(€/000)			
	Rate of return 2017	Total Assets 2017	Rate of return 2016	Total Assets 2016
Vittoria Rendimento Mensile	2.93%	849,483	3.03%	840,048
Vittoria Valore Crescente	4.21%	82,564	4.61%	106,945
Vittoria Obiettivo Crescita	3.29%	91,455	2.19%	20,013
Vittoria Liquinvest**	4.51%	1,998	4.51%	1,996
Vittoria Previdenza*	2.97%	89,658	3.40%	69,861

* Observation period: 01/10/2016 - 30/09/2017

** Observation period: 01/10/2016 - 30/09/2017; from 01/10/2017 merger in Vittoria Obiettivo Crescita

Premiums

The Premiums for direct Life business amounted to 191,144 thousand euro, against 189,469 thousand euro in the previous year (+0.9%) and are broken down as follows:

	(€/000)				
	Year 2017	Year 2016	YoY change %	% of total book	
				2017	2016
Annual premiums	60,661	56,237	7.9	31.7	29.7
Single premiums	130,483	133,232	-2.1	68.3	70.3
Total Life business	191,144	189,469	0.9	100.0	100.0

Claims, accrued capital sums & annuities, and surrenders

The following table summarises data for direct business relating to claims, accrued capital sums and annuities and surrenders (net of liquidation expenses), compared with data of previous year, with reference to line of business "I", "IV" e "V".

	(€/000)		
	31/12/2017	31/12/2016	YoY change %
Claims	25,605	18,623	37.5
Accrued capital sums & annuities	46,154	71,041	(35.0)
Surrenders	40,155	39,700	1.1
Total	111,914	129,364	(13.5)

Surrenders and claims relating to investments for which policyholders bear the risk (Lobs III unit- and index-linked policies and VI, open-ended pension fund) totalled 2,903 thousand euro vs. 7,814 thousand euro in FY2016.

Non-Life business

Technical result

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

Non Life Business - 2017 Results		(€/000)		
Line of business		2017 Technical result	2016 Technical result	YoY Change %
Code	Description			
01	Accident	24,989	21,595	15.7
02	Health	631	634	-0.5
03	Land motor vehicle hulls	18,989	17,236	10.2
04	Railway rolling stock	2	2	n.s.
05	Aircraft hulls	1	0	n.s.
06	Marine hulls	-131	7	n.s.
07	Cargo insurance	504	295	70.8
08	Fire and natural events	7,514	10,829	-30.6
09	Miscellaneous damage	-4,835	-4,129	17.1
10	Motor TPL	5,641	27,988	-79.8
11	Aviation TPL	-6	-25	-76.0
12	Marine TPL	67	-104	-164.4
13	General TPL	4,769	4,110	16.0
14	Credit insurance	6,113	-738	n.s.
15	Bond insurance	-59	-3,928	-98.5
16	Pecuniary losses	39,579	35,626	11.1
17	Legal protection	2,315	1,703	35.9
18	Support and assistance	6,061	5,552	9.2
Total Non-Life businesses		112,144	116,653	-3.9

Technical performance

The technical performance, however positive, featured an outcome with a slight decrease compared to the previous year, mainly due to the reduction in the average premium paid by policyholders in the Motor TPL. The result remains positive due to a continuous review of risks in the portfolio, a careful underwriting new risks policy and a steady pricing review.

The following sets out the considerations for the different lines of business:

NON MARINE BUSINESSES

Overall Non Marine line of business recorded an increase in premiums (+8.6%) due to the acquisition of new customers and to the effects of the development actions of the insurance coverage of monoline Motor customers.

The technical result is positive, in further improvement compared to the previous year, thanks to the positive contribution of the Accident, General TPL and Various pecuniary losses line of businesses.

More specifically, each line of business featured the following technical results:

Accident: premiums recorded an increase of 12.4%, thanks also to the development of the sale of the collateral injuries of the driver in combination with the motor policies.

The technical result, even in the presence of a greater incidence of serious claims, is positive, improving compared to the previous year.

Health: this Lob registered a 6.1% increase in premiums, with a positive technical result, improving compared to the previous year.

Fire and natural events: this line of business shows an increase in premiums of 5.0%.

The technical result, while remaining positive, decreased compared to the previous year, mainly due to a higher incidence of accidents from atmospheric phenomena and to exceptional serious fire accidents that have affected risks in progress over the past years.

Miscellaneous damages: premiums, including the risk of theft, hail and damage to electronic and technological equipment, recorded an increase compared to previous year (+14.0%). The technical result is negative as a result of the higher incidence of accidents from atmospheric phenomena.

General TPL: premiums increased by 10.1%. The technical balance improved compared to the previous year, thanks to the effects of the constant portfolio reform actions, in part relating to segment of Professional TPL.

Various pecuniary losses: premiums written, which mainly include ancillary guarantees related to the car, remain almost unchanged. This Lob presents a positive technical balance, with an improvement compared to the previous year.

Legal protection: premiums in this line of business registered an increase of 12.5% and the technical result is positive with an improvement compared to the previous year.

SPECIALTY BUSINESSES

The businesses showed a positive technical result, with a clear improvement compared to the one recorded in the previous year. Premiums recorded a decrease of 10.0%, mainly due to the Surety line of business.

In particular:

Watercraft (sea, lake and river) hulls and railway rolling stock: premiums rose by 11.5% with a slightly negative technical balance.

Goods in transit: premiums advanced by 29.3%, thanks also to the development actions on the transport companies already customers for the Motor business.

The technical result is positive, improving compared to the previous year.

Credit: this line of business includes exclusively the risks related to the Salary-Backed Loans for which it has retained the right of recourse against the borrowers.

Also in 2017 we see a decrease in premiums written, a consequence of the continuation of the significant downsizing of the line of business process, as well as the increasingly flexible repayment rules in the event of early repayment of the financing underlying the insurance coverage.

Technical result is positive, a marked improvement over the previous year, thanks also to an increase in the amounts recovered following the right to claim compensation from financed entities and a favorable technical provisions run-off related to previous years.

Surety: premiums written showed a decrease compared to the previous year (-25.0%), the result of a thorough review of the underwriting policy that led to the acquisition of smaller risks in terms of exposure and the consequent lower average pricing. The technical result is slightly negative but in significant improvement compared to the previous year.

MOTOR BUSINESSES

The business recorded an overall positive technical result.
Premiums written grew by 5.4%.

In particular:

Land motor vehicle hulls: premiums reported a growth on the previous year (+10.5%); the development policy of customers already acquired in the Motor TPL Lob continues.

The technical result was positive, recording an improvement over the previous year, despite the greater incidence of accidents arising from atmospheric phenomena.

Third-party liability for land motor vehicles and for watercraft (sea, lake, and river): premiums reported a growth on the previous year (+4.3%).

Dedicated portfolio selection, insurance pricing policies and careful claims management enabled the business to maintain a positive technical result. The decline in the result compared to the previous year is mainly attributable to the reduction in the average premium paid by policyholders (despite an overall increase in premiums written), phenomenon is recorded in the entire Motor market, as well as a greater incidence of serious claims.

Assistance: premiums grew by 11.0%, with a positive technical result, improving compared to the previous year.

Claims

Reported claims

The following chart, concerning the number of reported claims, has been prepared using data from positions opened during the year; data are compared with those for 2016:

(€/000)

	Numer of Reported claims		YoY Change %	Numer of Reported claims without consequences		YoY Change %	Numer of Reported claims closed		YoY Change %
	31/12/2017	31/12/2016		31/12/2017	31/12/2016		31/12/2017	31/12/2016	
	Accident	10,480		10,118	3.6%		2,174	1,963	
Health	4,112	3,901	5.4%	410	337	21.7%	3,156	2,985	5.7%
Fire and natural events	6,856	6,029	13.7%	1,480	1,419	4.2%	4,376	3,838	14.0%
Miscellaneous damage	19,169	18,963	1.1%	3,349	3,396	-1.4%	13,985	13,626	2.6%
General TPL (third-party liability)	8,566	8,246	3.9%	2,084	1,934	7.8%	4,654	4,490	3.7%
Pecuniary losses	717	951	-24.6%	221	314	-29.6%	213	179	19.0%
Legal protection	393	308	27.6%	53	29	82.8%	87	50	74.0%
Total non-marine lines	50,293	48,516	3.7%	9,771	9,392	4.0%	31,359	29,864	5.0%
Marine hulls	116	109	6.4%	6	24	-75.0%	43	36	19.4%
Cargo insurance	151	113	33.6%	13	15	-15.3%	61	46	31.5%
Credit insurance	445	667	-33.3%	163	162	0.6%	52	49	6.1%
Bond insurance	139	167	-16.8%	37	67	-44.6%	33	14	142.9%
Total specialty lines	851	1,056	-19.4%	219	268	-18.3%	189	145	30.4%
Third-party motor liability	155,225	149,189	4.0%	19,647	18,798	4.5%	104,021	98,489	5.6%
Third-party marine liability	93	92	1.1%	23	9	155.6%	44	44	0.0%
Motor vehicle hulls	50,909	44,759	13.7%	2,209	2,000	10.5%	40,841	36,377	12.3%
Support and assistance	57,483	45,738	25.7%	7	20	-65.0%	48,333	34,163	41.5%
Total motor lines	263,710	239,778	10.0%	21,886	20,827	5.1%	193,239	169,073	14.3%
Total Non-Life businesses	314,854	289,350	8.8%	31,876	30,487	4.6%	224,786	199,082	12.9%

As regards Motor TPL reported claims, has received n. 112,859 reports of claim events to be managed as originator (+3.2% compared to 2016) and the total cost, net of the recovery of the lump-sum paid by the debtor companies, amounted to 54,808 thousand euro (+8.0% compared to 2016).

Claims paid

The gross cost of all generations of claims, which comprises the cost of the claims handling organisation, is shown in Appendix 19 to the Explanatory Notes. The following table shows the amount of claims paid for direct business, net of recoveries, and the amount charged to reinsurers, with the data broken down by the period to which claims refer:

(€/000)

	Claims paid 31/12/2017			Claims recovered from reinsurers	Claims paid 31/12/2016			Claims recovered from reinsurers	Change gross claims %	Change claims recovered from reinsurers %
	Current year	Previous years	Total		Current year	Previous years	Total			
Accident insurance	8,530	18,101	26,631	222	7,477	14,522	21,999	250	21.1	-11.0
Health insurance	4,143	3,642	7,785	17	4,413	3,606	8,019	7	-2.9	140.2
Fire and natural events	16,769	10,769	27,538	2,409	10,228	6,610	16,838	1,010	63.5	138.5
Miscellaneous damages	38,040	7,219	45,259	15,503	25,043	5,981	31,024	3,831	45.9	304.6
Third-party general liability	5,523	14,611	20,134	26	5,132	16,101	21,233	722	-5.2	n.v.
Pecuniary losses	569	201	770	18	397	240	637	373	20.9	-95.2
Legal protection	19	231	250	216	35	215	250	216	0.0	-0.1
Total non-marine businesses	73,593	54,774	128,367	18,358	52,725	47,275	100,000	6,409	28.4	186.5
Third-party marine liability	278	636	914	32	193	950	1,143	437	-20.0	-92.7
Cargo insurance	202	245	447	24	144	267	411	18	8.7	33.8
Third-party aviation liability	-	91	91	84	-	373	373	344	n.s.	n.s.
Credit insurance	285	2,298	2,583	-	335	3,643	3,978	-	-35.1	n.s.
Bond insurance	640	3,922	4,562	2,283	1,559	7,887	9,446	5,566	-51.7	-59.0
Total Special businesses	1,405	7,192	8,597	2,423	2,231	13,120	15,351	6,365	-44.0	-61.9
Third-party motor liability	221,846	289,645	511,491	459	208,389	253,333	461,722	5	10.8	n.s.
Third-party marine liability	152	298	450	-	191	448	639	-	-29.6	n.s.
Motor vehicle hulls	50,350	15,058	65,408	2,885	44,527	14,240	58,767	159	11.3	1719.7
Support and assistance	7,669	3,361	11,030	9,619	5,640	2,656	8,296	7,214	33.0	33.3
Total motor businesses	280,017	308,362	588,379	12,963	258,747	270,677	529,424	7,368	11.1	75.9
Total Non-Life businesses	355,015	370,328	725,343	33,745	313,703	331,072	644,775	20,142	12.5	67.5

The additional cost borne in 2017 for the road-accident victim guarantee fund was 15,845 thousand euro vs. 15,320 thousand euro in the previous year.

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 lines of business:

(percentages)

	current generation		previous generations	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Accident insurance	58.84	57.58	60.19	66.31
Health insurance	85.25	83.74	77.04	77.56
Motor vehicle hulls	83.86	85.07	74.48	80.33
Fire and natural events	81.39	83.27	72.47	74.29
Miscellaneous damages - theft	88.40	87.53	84.53	86.20
Third-party motor liability	76.72	75.52	69.30	67.82
Third-party general liability	71.81	71.13	33.25	37.35

Anti-fraud activities

Claims which are presumed to be possible cases of fraud are handled with anti-fraud criteria established by the company's guidelines.

Savings for the year in relation to the Motor TPL business, quantified in accordance with Law 27/2012 implemented by Regulation ISVAP n. 44, amounted to 5,312 thousand euro.

As a result of the deepening in relation to fraud risk, savings of 4,773 thousand euro were achieved for claims that have been defined without result and 539 thousand euro for claims settled definitively, compared to the assessed value posted to technical provisions.

Claims reserve run-off – Retained risks

The claims reserve existing at the beginning of FY2017, compared with costs borne in the year for previous years' claim events - consisting of payments made and year-end reserving for claims yet to be paid – showed, for the only direct business, a surplus of 18,523 thousand euro, i.e. 1.7% of opening reserves, as highlighted in the following table:

Retained Risks	(€/000)		
	2017	2016	YoY change %
Claims reserve brought forward	1,079,819	1,028,496	5.0
Amounts paid in the year related to claims occurred in previous years	(377,838)	(334,002)	13.1
Balance of claims recovered or to be recovered by policyholders	12,554	8,739	43.7
Claims reserve carried forward	(696,012)	(687,878)	1.2
Aggregate profit (loss) development table	18,523	15,355	20.6
% of incidence on claims reserve brought forward	1.7	1.5	0.2

Reinsurance

LIFE BUSINESS

Outward reinsurance

In the Life business, with respect to Lob "I", there are an excess of loss treaty and a pure commercial premiums treaty, the latter for the sale set up in 1996 and 1997.

Ceded premiums in FY17 amounted to 1,157 thousand euro (1,182 as at 31 December 2016).

Inward reinsurance

With respect to the life business, there is a traditional pure-premium treaty no longer fed with new business, which merely records changes occurring in the related portfolio.

NON-LIFE BUSINESS

Outward reinsurance

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

The main treaties in place are the following:

Excess claims: Accident, Motor vehicle Hulls, Marine Hulls, Cargo (goods in transit), Fire and natural events, Motor TPL and General TPL;

Pure premium: Suretyship, Legal protection, Assistance and Miscellaneous damage in relation to Hail, Engineering risks and ten year guarantees.

Ceded premiums in FY17 totalled 36,729 thousand euro (31,574 thousand euro in 2016).

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.

As regards credit risk, we highlight the fact that Vittoria Assicurazioni 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 / Moody's Rating	Current and Deposit accounts	Reinsurers' share of technical reserves	Total net balance sheet items	% of breakdown
AA+	145	755	900	1.8
AA	-50	199	149	0.3
AA-***	-11,112	39,114	28,002	55.7
A+	-200	3,399	3,199	6.4
A*	-1,594	7,150	5,556	11.0
A3****	992	5,876	6,868	13.7
A-**	96	3,057	3,153	6.3
Not rated	-180	2,658	2,478	4.8
Total	-11,903	62,208	50,305	100.0

* provided by A.M. Best for 2,658 thousand euro

** provided by Fitch 250 thousand euro

*** provided by Fitch -3 thousand euro

**** provided by Moody's

Commercial organisation

The development activity has resulted in the opening of 16 new agencies and the reorganization of other 26, while 2 agencies have been closed; as at 31 December 2017 Vittoria Assicurazioni was nationally present with 444 General Agencies (430 as at 31 December 2016) and 1,099 Sub-Agencies Professional (1,008 as at 31 December 2016).

The planned training activity continues for the primary sales network (General Agents), for “second level” sales agents (producers and sub-agents) and for agency employees in line with 2016.

In particular, in 2017 the focus of the training was aimed at acquiring skills related to business processes and tools for all levels of the network. As part of the professional update, 44 courses were delivered to the agency network and 5 titles were provided via webinars (virtual classrooms involving the presence of participants and trainer).

During 2017 training was provided by internal trainers, assisted for some courses and for a selected number of Agencies, by external suppliers, selected on the basis of the requisites required by Reg. 6/2014 art. 14.

The 2017 training plan was completed with the issue of modules for updating the products according to the following contents: Life Business - Savings and Investment Policies, in the thematic areas “On specific product” and with the issue of a new online training path of 60 hours dedicated to new beginners.

Products - Research and development

During the year, the review continued for technical interventions and adjustments to the sector regulations (IVASS, COVIP, CONSOB) of the products of the Non-life and Life business.

A new Other Motor Risks product called "Autosicura" was introduced as part of the Motor Lines business, which is flanked by the current product, Other Motor Risks, which provides for the repair of the vehicle uncovered by going to a contracted repair workshop.

In the Life business, the marketing of the following new products was launched:

- the full-life multi-brand called Vittoria InvestiMeglio-MultiRamo OPEN, single premium rate and additional payments linked to the segregated fund "Vittoria Obiettivo Crescita" and to UCITS Funds;
- the full-life multi-brand called Vittoria InvestiMeglio-MultiRamo - Multiramo FLEX, single premium rate and additional payments, which invests part of the premium in the segregated fund “Vittoria Obiettivo Crescita” and in the Internal Funds “Vittoria Equilibrato” and “Vittoria Dinamico”;
- Vittoria InvestiMeglio - EvoluzioneOC and Vittoria InvestiMeglio - EvoluzioneRM, mixed class I mixed-rate tariffs with profit sharing. The products invest the premium respectively in the segregated fund "Vittoria Obiettivo Crescita" and "Vittoria Rendimento Mensile”;
- Vittoria Formula Rendita Plus, a single premium Class I product that guarantees a revalued income on the basis of the segregated fund “Obiettivo Crescita” in the event of survival, and a decreasing capital in the event of death consisting of the premium paid net of the annuity payments already received;
- “Vittoria Tutela Futuro - Doppia Protezione”, product of Class I with the option of choice between a constant capital coverage and variable annual premiums and a decreasing capital coverage and constant annual premiums;
- “Vittoria Tutela Futuro – Classic Smart”, product of Class I case of death with capital and constant annual premium;
- “Vittoria In Azione Italia – PIR”, a single-premium Class III life product with additional payments, which invests in the Internal Fund "Vittoria Crescita Italia PIR cl. B ".

Overhead costs – direct business

The total amount of personnel costs, other costs, and depreciation & amortisation charges, before allocation to specific functions, i.e. claims handling, business production organisation, and asset administration, amounted to 103,752 thousand euro vs. 103,597 thousand euro in 2016, substantially unchanged with the results of the previous year.

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

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

	(€/000)		
	31/12/2017	31/12/2016	Change %
Personnel expenses	55,391	53,906	2.8
Other costs	42,287	41,551	1.8
Depreciations	6,074	8,140	-25.4
Gross Operating Costs	103,752	103,597	0.2
Percentage of Premiums Written	7.7%	8.2%	-0.5

Overheads as a percentage of direct business premiums recorded was 7,7% (8,2% as at 31 December 2016).

The item depreciations does not include the amortization of operating buildings, such as the registered office in the Portello area of Milan. This depreciation is classified under the item “Capital and financial charges”, as indicated in the explanatory notes to these financial statements.

Operating costs – direct business

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

	(€/000)		
	31/12/2017	31/12/2016	Change %
Operating Costs, net of expenses transferred to acquisition, claims handling and investment management expenses (A)	73,377	74,454	-1.4
- Acquisition and collection costs	193,675	176,464	9.8
- Other acquisition costs	19,432	18,377	5.7
Total Acquisition Costs (B)	213,107	194,841	9.4
Total Overheads (A+B)	286,484	269,295	6.4
Percentage of Premiums Written	21.4%	21.2%	0.2

Investments

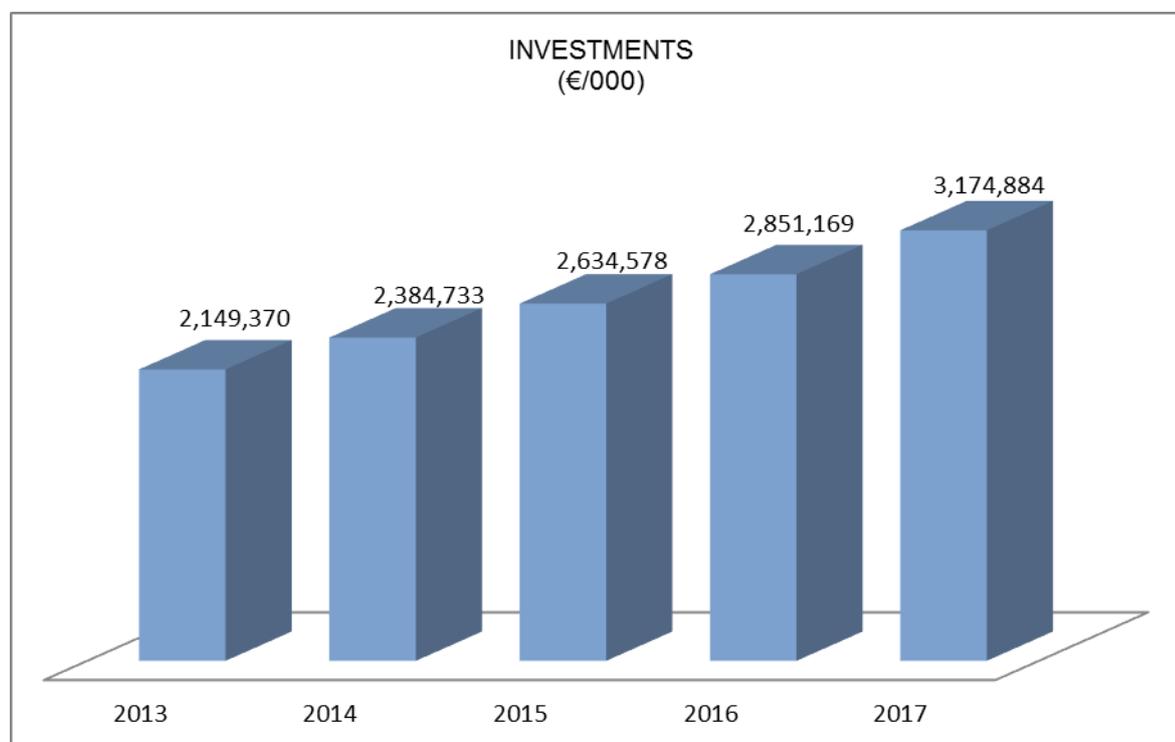
Investments reached a value of 3,174,884 thousand euro with an increase of 11.4% YoY.

Their breakdown is shown in the table below:

(€/000)

Investments	31/12/2017	31/12/2016	Change %
Land and buildings	187,695	188,202	-0.3
Investments in group and other companies			
- Equity investments	528,610	550,386	-4.0
- Loans	14,223	21,233	-33.0
Other financial investments:			
- Unit trust units	387,838	69,624	n.s.
- Bonds and other fixed-interest securities	1,969,841	1,954,848	0.8
- Loans	7,303	8,378	-12.8
- Deposits with banks	3,000	2,000	50.0
Deposits with ceding companies	149	149	0.0
Total investments where the company bears the risk	3,098,659	2,794,820	10.9
Investments benefiting life policyholders bearing the risk	76,225	56,349	35.3
Total investments	3,174,884	2,851,169	11.4
Bank accounts and cash-in-hand	84,422	226,094	-62.7

Vittoria Assicurazioni continued the action aimed at diversification by asset classes of the investment portfolio during the year. Given the market conditions and the rates of return recognized on bonds, in order to guarantee an adequate return on the portfolio and a limited volatility, the share invested in UCITS has increased.



The following table shows net income from investments by splitting them in ordinary and extraordinary part.

	(€/000)		
	31/12/2017	31/12/2016	
Ordinary and extraordinary Income on investments (net of related costs)	Amount	Amount	Change %
Income on equity investments	1,594	336	n.s.
Income (cost) on other investments:			
- land and buildings	1,927	2,470	(22.0)
- bonds and other fixed-interest securities	29,995	59,280	(49.4)
- income on unit trust units	11,852	1,769	n.s.
- interest on loans	580	517	12.2
- interest on deposits with ceding companies	(131)	(401)	(67.3)
- other financial investments	10	11	(9.1)
Total net income	45,827	63,982	(28.4)
Adjustments to investment values:			
- land and buildings	(7,716)	(7,359)	4.9
- equity investments	(761)	(1,307)	(41.8)
- unit trust units	(2,768)	(1,623)	70.5
- bonds and other fixed-interest securities	(2,311)	(837)	n.s.
Total net adjustments to investment values:	(13,556)	(11,126)	21.8
Ordinary profit (loss) on sale of investments:			
- bonds and other fixed-interest securities	(738)	(3,726)	(80.2)
Total net profit on sale of investments	(766)	(3,726)	(79.4)
Total net ordinary income on investments where the company bears the risk	31,505	49,130	(35.9)
Extraordinary profit (loss) on sale of investments:			
- land and buildings	111	148	(25.0)
- equity investments	-	283	n.a.
- unit trust units	396	(4)	n.s.
- bonds and other fixed-interest securities	1,706	65,160	n.s.
Total net extraordinary profit on sale of investments	2,213	65,587	(96.6)
Total net ordinary and extraordinary income on investments where the company bears the risk	33,718	114,717	(70.6)
Net income on investments benefiting life policyholders bearing the risk	2,416	(187)	n.s.
Grand Total	36,134	114,530	(68.5)

Net income with risk borne by the Company decreased from 114,717 thousand euro to 33,718 thousand euro, down by 70.6%. This decrease is mainly attributed to the extraordinary sale of Italian government securities allocated to the Non-life segment, in the previous year, which generated 44,037 thousand euro of extraordinary capital gains, net of the tax effect. Therefore, the weighted average return of the "Bonds and other fixed-income securities" decreased from 6.4% as at 31 December 2016 to 1.8% as at 31 December 2017.

The increase in income from units of mutual funds is justified by the investment diversification strategy launched last year that has led to an increase in investment in this asset class.

The result also includes the impairment of the investment in the "Fondo Atlante" for an amount of 2,766 thousand euro, recognizing the information of the management company.

Real estate

The real estate at 31 December 2017 amounted to 187,695 thousand euro (188,202 thousand euro at 31 December 2016).

The items making up the balance are as follows:

- 84,129 thousand euro relating to the company's registered office building;
- 759 thousand euro relating to own use properties;
- 78,802 thousand euro for buildings in the Portello area located in Milan leased to third parties;
- 4,448 thousand euro relating to real estate for free loan to the Agencies;
- 19,557 thousand euro used by third parties.

The change compared to 31 December 2016 is primarily due to the amortization for the period totaling 7,716 thousand euro, of which 3,668 thousand euro related to own-use properties and 4,048 thousand euro in real estate used by third parties; as at 31 December 2017, have been purchased for use by third parties properties for 8,073 thousand euro and sold properties for use by agencies for 975 thousand euro. For more details, please refer to the Notes.

Fixed-income securities, investments and mutual investment funds

Bond Portfolio

During the year, direct investments in bonds generated net cash flows related to reimbursements of 513,757 thousand euro with recognition of net losses of 730 thousand euro.

Purchases were made for 560,266 thousand euro fully allocated to the non-current segment, and sales relating to long-term securities equal to 6,155 thousand euro for a more adhering adjustment of assets to related liabilities, realizing net capital gains of 1,680 thousand euro.

Finally, write-downs were recorded on bonds allocated to the current segment for 2,312 thousand euro.

As envisaged by the Company's investment policies, during the year, from the non-current segment to the current segment, fixed-income securities were transferred for 100,211 thousand euro with a residual maturity of less than two years.

Mutual investment funds

The main transactions relating to mutual investment funds were as follows:

- payments of 214,586 thousand euro in funds specializing in private debt / loans entirely allocated to the non-current segment and repayments of € 12,376 thousand, recording gains of € 176 thousand;
- payments of 77,702 thousand euro in funds specialized in Infrastructure debt and repayments of 52 thousand euro;
- purchase of Euro area equity ETFs for 23,132 thousand euro;
- payments of 14,681 thousand euro in private equity funds and repayments of 8,918 thousand euro, recording gains of 308 thousand euro;
- purchases and sales during the year for 10,000 thousand euro in UCITS funds with long / short strategy, realizing net losses for 105 thousand euro;
- payments of 4,998 thousand euro in a specialized money market fund;
- payments of 4,000 thousand euro in funds specialized in Corporate High Yield investments;
- payments of 3,153 thousand euro in Infrastructure Equity funds and repayments of 324 thousand euro;
- purchase of High Yield bond ETFs for 1,501 thousands euro;
- total repayment of an investment in a closed-end real estate fund for 1,102 thousand euro, recording losses for 9 thousand euro;
- impairment of the investment in the "Fondo Atlante" of 2,766 thousand euro.

Equity Portfolio

The following were the changes during the financial year with respect to the Equity Portfolio for long-term use, including controlled companies, associate Companies and Subsidiaries:

- Acacia 2000 S.r.l.: received 24,344 thousand euro as partial repayment of the premium reserve;
- Immobiliare Bilancia Prima S.r.l.: paid in 7,000 thousand euro for future capital increase;
- Immobiliare Bilancia S.r.l.: received 6,000 thousand euro as partial repayment of the premium reserve;
- Interimmobili S.r.l.: paid for a capital increase of 1,500 thousand euro;
- Touring Digital S.r.l.: paid 540 thousand euro for a capital increase and impairment of 471 thousand euro for adjustment to equity.

Pursuant to the article 2428, paragraphs 3 and 4, it is certified that Vittoria Assicurazioni S.p.A. did not carry out any transaction, directly or indirectly, involving its own shares and shares of the Parent Company.

Securities portfolio breakdown

The following table shows the carrying value of the securities portfolio with risk borne by the company, between Life and Non-Life, by investment type (debt securities, equity securities and mutual funds) and provides some guidance in concerning financial risks and uncertainties of flows.

NON LIFE PORTFOLIO

	(€/000)			
Investment nature	Amount 31/12/2017	% of breakdown	Amount 31/12/2016	% of breakdown
DEBT SECURITIES	1,058,701	83.0%	1,028,406	94.8%
Listed treasury bonds:	920,566	72.1%	962,955	88.7%
Fixed-interest rate	920,566	72.1%	962,955	88.7%
Listed corporate bonds:	138,011	10.8%	65,312	6.0%
Fixed-interest rate	133,314	10.4%	64,298	5.9%
Variable interest rate	4,697	0.4%	1,014	0.1%
Unlisted corporate bonds:	123	0.0%	139	0.0%
Fixed-interest rate	123	0.0%	139	0.0%
of which				
Total fixed-interest securities	1,054,004	99.6%	1,027,392	99.9%
Total variable-interest securities	4,697	0.4%	1,014	0.1%
Total debt securities	1,058,701	100.0%	1,028,406	100.0%
of which				
Total listed securities	1,058,578	100.0%	1,028,267	100.0%
Total unlisted securities	123	0.0%	139	0.0%
Total debt securities	1,058,701	100.0%	1,028,406	100.0%
EQUITY INSTRUMENTS (*)	28,412	2.2%	28,412	2.6%
listed shares	10,354	0.8%	10,354	1.0%
unlisted equity instruments	18,058	1.4%	18,058	1.7%
OEIC UNITS	189,029	14.8%	28,228	2.6%
TOTAL	1,276,141	100.0%	1,085,046	100.0%

(*) excluding investments in participating interests

The Non-life fixed-income securities portfolio has a duration of 4 years.

LIFE PORTFOLIO

(€/000)

Investment nature	Amount 31/12/2017	% of breakdown	Amount 31/12/2016	% of breakdown
DEBT SECURITIES	911,140	82.1%	926,441	95.7%
Listed treasury bonds:	817,521	73.7%	891,695	92.1%
Fixed-interest rate	814,819	73.5%	861,698	89.0%
Unlisted treasury bonds:	-	0.0%	967	0.1%
Variable interest rate	-	0.0%	967	0.1%
Listed corporate bonds:	92,862	8.4%	33,779	3.5%
Fixed-interest rate	59,257	5.3%	30,780	3.2%
Variable interest rate	33,605	3.0%	2,999	0.3%
Unlisted corporate bonds:	757	0.1%	-	0.0%
Variable interest rate	757	0.0%	-	0.0%
of which				
Total fixed-interest securities	874,077	95.9%	892,478	96.3%
Total variable-interest securities	37,063	4.1%	33,964	3.7%
Total debt securities	911,140	100.0%	926,442	100.0%
of which				
Total listed securities	910,383	99.9%	925,473	99.9%
Total unlisted securities	757	0.1%	967	0.1%
Total debt securities	911,140	100.0%	926,440	100.0%
OEIC UNITS	198,808	17.9%	41,397	4.3%
TOTAL	1,109,948	100.0%	967,838	100.0%

The Life fixed-income securities portfolio has a duration of 5.7 years.

The following are the book values of fixed-rate securities by maturity and the carrying amounts of floating rate securities by type of rate, separately indicated in Non-life and life business.

NON LIFE PORTFOLIO

Fixed - interest securities			(€/000)
Maturity	Amount	% of breakdown	
< 1 year	127,222	12.1%	
1 < X < 5	535,744	50.8%	
5 < X < 10	356,127	33.8%	
more	34,911	3.3%	
Total	1,054,004	100.0%	

Variable - interest securities				(€/000)
Type of rate	Indexation	Amount	% of breakdown	
Fixed to floater	Euroswap 5Y	3,690	78.6%	
Variable	3 months Euribor	1,007	21.4%	
Total		4,697	100.0%	

LIFE PORTFOLIO

Fixed - interest securities			(€/000)
Maturity	Amount	% of breakdown	
< 1 year	36,953	4.2%	
1<X<5	309,456	35.4%	
5<X<10	374,331	42.9%	
more	153,337	17.5%	
Total	874,077	100.0%	

Variable - interest securities				(€/000)
Type of rate	Indexation	Amount	% of breakdown	
Fixed to CMS	Euroswap 5Y	3,183	8.7%	
Fixed to CMS	Euroswap 10Y	2,753	7.4%	
Fixed to floater	3 months Euribor	3,909	10.5%	
Fixed to floater	Euroswap 5Y	24,805	66.9%	
Variable	Infl linked	757	2.0%	
Variable	6 months Euribor	1,656	4.5%	
Total		37,063	100.0%	

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

As can be seen in the table below, as at 31/12/2017 nearly all corporate bonds held by the group were rated as investment grade.

(€/000)

Rating (Standard & Poor's)	Amounts	% of breakdown
AAA	248,456	12.6%
AA+ / AA-	347,131	17.6%
A+ / A-	257,984	13.1%
BBB+ / BBB-	1,108,577	56.3%
Total investment grade	1,962,148	99.6%
Non investment grade	7,693	0.4%
Total	1,969,841	100.0%

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

As at 31 December 2017 these investments amounted to 76,225 thousand euro (56,349 thousand euro as 31 December 2016).

Of the total 11,056 thousand euro related to unit-linked policies linked to funds outside the company, 41,143 thousand euro to unit-linked policies linked to the company's internal funds, and 24,026 thousand euro to the Vittoria Formula Lavoro open-ended pension fund.

Overall net return was positive and totalled 2,416 thousand euro (-187 thousand euro in 2016).

Risk Report

The Risk Report is intended to provide all the information required by IFRS 7 regarding risks arising from financial instruments and insurance products to which the Group is exposed, both information on the objectives, processes and capital management policies, according to the general principles of Solvency II regulations.

System of Internal Control and Risk Management

The risk monitoring is carried out primarily where the risk itself originates. Therefore, the implementation of activities aimed at limiting the risks is the specific duty of every person, according to their powers. In this sense, the corporate bodies of all Group companies are required to the application of appropriate control mechanisms for the mitigation of risks related to specific operations, which would assure to all levels a structured and regular course of business, internal and external regulatory compliance as well as the principles of sound and prudent management.

The company maintains and updates over time an internal documental complex consisting of procedures and organizational requirements, as well as arrays of activities and controls, aimed to making operational management principles, lines of general behavior, organizational models, roles and responsibilities on the management processes, then adjusting the internal operations and consequently the risk management.

Roles and responsibilities

Government bodies

The company has adopted a traditional model of administration and control, where the Board of Directors is the central body of the system of corporate governance and the Board of Auditors performs control functions.

The Board is supported by specific committees created within it.

Board of Directors

Responsibility for the risk management system lies with the Board of Directors, which sets its guidelines and periodically verifies its adequacy and effectiveness, ensuring that the business risks are identified and properly managed.

The Board of Directors defines and approves policies and risk management strategies as well as the propensity, preferences and levels of tolerance to risk, defining performance targets consistent with the level of capital adequacy.

The Board ensures that senior management properly implements the risk management system in line with the guidelines provided and verify its efficiency, completeness, appropriateness and timeliness of information flows. The Board, in order to efficiently and effectively manage the risks, approves the model of powers and mandates, paying particular care to avoid an excessive concentration of powers in a single person, and puts in place monitoring tools on the exercise of delegated powers.

As a result of the identification of risks to which the Group is or could be exposed, the Board approves appropriate emergency plans in order to protect the assets and to ensure alignment with risk appetite.

Audit and Risk Committee

The main function of the Committee, as part of the management system and risk control, is to support, through adequate investigations, assessments and decisions of the Board of Directors regarding the establishment of guidelines and verification the adequacy of the management system and risk control.

Finance Committee

The main function of the Committee, as part of the risk management system, is to support the assessments and decisions of the Board of Directors with respect to the definition of investment risk management policies and strategies and in the supervision of the implementation of the same.

Strategy Committee

The Strategy Committee is responsible for supporting the Board and senior management in setting goals and business strategies.

Real Estate Committee

Real Estate Committee supervises the performance of the Group's real-estate investments, defines development strategies for the segment and periodically assesses individual investment proposals submitted in the period.

Appointments and Remuneration Committee

The Appointments and Remuneration Committee assists the Board in defining the remuneration policy of the company in accordance with the principles of sound and prudent risk management and in line with the strategic objectives, ensuring that the incentive remuneration system does not encourage excessive risk exposure.

Committee for the assessment of transactions with related parties

The Committee, as part of the risk management system, expresses a motivated opinion regarding the company interest in making transactions with related parties and the convenience and substantial correctness of the relative conditions.

The following are the roles and responsibilities of the control functions, of the main non-Board Committees and of line functions within the company risk management system.

Line controls (so-called "first level controls")

They are performed from line functions, as part of the risk management system, carrying out direct control activities, each for the scope of its competence, aiming to apply the guidelines approved by the Board of Directors, in respect of:

- risk management;
- identification of risks related to its operations;
- assessment of their impact;
- monitoring of their progress on an ongoing basis;
- disclosure of information to the relevant departments;
- where necessary, activating all the required corrective actions.

Controls performed on risks and compliance (so-called "second-level controls")

Risk Management

Risk Management oversees the events included in the risk management process related to: insurance risks, market risks, credit risks, liquidity risk, reputational risk, operational risk and risks arising from belonging to the Group.

The Risk Management function supports the top management in the identification, implementation and monitoring of a system (methods and models) of assumption, assessment and management of business risks in line with the strategies, policies and risk appetite defined by the Board of Directors for the company and its subsidiaries.

Compliance

Compliance is the business function that oversees the risk of non-compliance, in order to prevent the risk of incurring legal or administrative sanctions, financial losses or reputational damage as a result of violations of laws, regulations or decisions of the Regulatory Authority or self-regulations.

Actuary

The Actuarial department coordinates the calculation of both Non-Life and Life technical reserves according to Solvency II principles, assesses the adequacy of both Non-Life and Life technical reserves calculated for the purposes of preparation of the Statutory Financial Statements and Solvency II and certifies the correctness of the procedures followed. The function also checks the appropriateness of the data used in support of the assumptions and the appropriateness of the methodologies, models and assumptions used and assesses the general underwriting policies and the reinsurance arrangements, giving specific opinions.

Anti-money Laundering Department

The Anti-Money Laundering department prevents and fights money-laundering operations and the financing of terrorism, ensuring compliance with anti-money laundering laws.

With regard to the above, this department is responsible for preparing and managing the related information flows to the Supervisory Authority in the manner and timing provided about the identified doubtful operations.

Anti-fraud department

The Anti-Fraud department prevents and acts against, directly and indirectly, insurance fraud, also in cost containment perspective. To this end, the Anti-fraud department helps to define guidelines, rules and measures to prevent fraud against the company, carrying out specific activities with the aim of identifying potential frauds.

Financial Reporting Officer

Financial Reporting Officer reports to the Board of Directors periodically, also via the Control and Risk Committee in which he participates, in relation to the activities performed in the exercise of his functions, aimed at ensuring the provision of appropriate administrative and accounting procedures for the preparation of financial statements, the consolidated financial statements and all other financial documents.

Risk Management Committee

The company has established a Risk Management Committee in order to ensure the implementation and monitoring of a system of risk assumption, evaluation and management, consistent with the operations carried out by individual departments.

Anti-money Laundering Committee

The company set up an Anti-Money Laundering Committee whose purpose is to evaluate the operations reported as unexpected by the application system or by the operational departments (Management and distribution network functions), in order to support the Head of Anti-Money Laundering department in the decision to dismiss the report or to proceed with sending it to the Financial Intelligence Unit (FIU).

Steering Committee for Disaster Recovery Emergency

The company has set up a special committee with the task of ensuring the presence of a disaster recovery plan, expected to meet serious emergencies that may affect the smooth business operations. The plan also is periodically updated depending on the outcome of the annual test of Recovery.

Internal audit (so-called "third-level controls")

Internal Audit

The Internal Audit function assists in the development of the risk management system by evaluating its design and monitoring its aspects of effectiveness and efficiency. It verifies the completeness, functionality, reliability and adequacy of the internal control and risk management (including the first and second level controls) as well as the company's operations to be consistent with it.

The risk management system

The risk management system is the set of rules, processes, resources (human, technological and organizational), and the tools used to support the Group's risk management strategy and allows an adequate understanding of the nature and significance of the risks to which the Group and the individual companies are exposed. The risk management system allows the company to have a single point of view and a holistic approach to risk management as a part of the running of business.

An integral part of the risk management system are the detailed policies that allow it to decline, consistently, the approach and methodology for the management of specific risk categories, risks within specific processes, risk mitigation techniques, methods for measuring individual risk factors, their correlations and the underlying principles, monitoring and analysis methodologies.

Such risk management policies are defined and implemented with reference to the integrated view of assets and liabilities, whereas the development of techniques and asset-liability management models is crucial for the proper understanding and management of risk exposures that may result from the interrelations and the mismatch between assets and liabilities.

The processes of identification and assessment of risks are performed on an ongoing basis, to take account both of the changes in the nature and size of the business and market environment, both in the occurrence of new risks or change of the existing ones.

The risk management process of the company allows to detect, measure, monitor and possibly mitigate risk and consists of the following stages:

- Risk identification;
- Assessment of exposure to risks;
- Risk monitoring;
- Risk treatment.

Risk Appetite and Risk Appetite Framework

The risk appetite is the level of risk that the company intends to take in total and by each of the areas, and ensures an adequate level of capitalization and the pursuit of defined strategic objectives. The Framework is a set of metrics, processes and systems that support the proper management of the level and the type of risk.

The Risk Appetite adopted and reviewed periodically by the Board of Directors is defined on the basis of three dimensions: Capital, Value and Profit and results operationally in key indicators (e.g. performance and/or risk) for which appropriate thresholds are defined. The indicators are subject to continuous monitoring and the recognition of violations of the thresholds, according to different levels of early warning, allows the activation of escalation processes and of business plans revisions.

The ORSA process

The Own Risk and Solvency Assessment is an assessment of the current and prospective risk profile of the company. The evaluation is based on methodologies, processes and techniques appropriate to the nature, scope and complexity of the risks inherent in the business exercised. The results achieved allow the company to take decisions in key areas such as capital management and allocation, strategic planning, product development and design and corporate risk management.

The ORSA, representing the projection of the overall solvency needs over a period coinciding with that of the strategic plan of the company, reflects the risk profile, the risk appetite and business strategy.

Risk Identification

Significant risks of the company, whose consequences can undermine the solvency or constitute a serious obstacle to the achievement of business objectives, are set periodically by the Board of Directors. The cases considered in the context of the risk management process are mainly related to insurance risks, market risks, credit risks, liquidity risk, concentration risk, risks of regulatory non-compliance, reputational risks, operational risks and risks arising from belonging to the group.

Major **Insurance Risks** included in the risk management process are related to the underwriting criteria, pricing models, the quantification of reserves and risk transfer techniques. The main risks to which the company is exposed are referred to:

- a. Underwriting risk (underwriting and pricing): it reflects the risk that premiums are not sufficient to cover claims plus expenses and is derived from the selection of risks and the covered events (including catastrophe) as well as by results in the actual loss experience compared to that estimated.
- b. Reservation Risk: derives from the quantification and runoff of technical provisions and considers the possibility that the asset will not be appropriate in respect of commitments to policyholders and injured parties.
- c. Pricing risk of the Motor business: it is associated to the processes followed for the definition of the tariff to be applied to Motor policies, with particular reference to the Civil Liability guarantee.
- d. Risk of Reinsurance Retention: it derives from the definition and implementation of an inadequate reinsurance policy that may result in a less than optimal level of retention and an inefficient mitigation of exposure to risks.

The main **market risks** included in the risk management process are referred to:

The Interest rate risk, respect to the bond portfolio and insurance liabilities.

The debt securities are exposed to interest rate risk. The risk of the market value interest rate appears to be the risk that the value of a financial instrument will fluctuate because of changes in interest rates on the market. A decrease in interest rates would raise the market value of such securities, while an increase in rates would decrease the value.

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

The debt securities, fixed and floating rate, exposed to interest rate risk on market value are shown separately for Non-life and Life business, with an indication of the duration, in the paragraph entitled "Securities portfolio breakdown", previously reported, together with the layering of the portfolio by maturity.

The fair value sensitivity related to fixed rate debt securities is shown in the table below:

(€/000)		
Non – Life portfolio	+100BP	-100BP
Fixed-rate debt securities	(41,888)	45,074
Life portfolio		
Fixed-rate debt securities	(50,620)	55,670

The fair value sensitivity related to floating rate debt securities is shown in the table below:

Non – Life portfolio	+100BP	-100BP
Floating-rate debt securities	(34)	38
Life portfolio		
Floating-rate debt securities	(2,282)	2,850

Life insurance contracts provide a guaranteed minimum interest rate and have a direct link between investment income and benefits to be paid to policyholders, governed by the aforementioned assets/liabilities integrated management model.

In particular, the Group manages the risk of interest rate by matching the cash flows of assets and liabilities as well as keeping a balance between the duration of liabilities and that of the investment portfolio directly related to them.

Duration is an indicator of the sensitivity of the assets and liabilities market value to changes in interest rates.

The **Equity risk** reflects the possible adverse changes in the level and volatility of the market value of financial instruments and equities. The company is exposed to equity risk with reference to shares and interests in listed and unlisted companies and units in investment funds and mutual funds.

The **Real estate risk** reflects the possible adverse changes in the level and volatility of market prices of real estate. The company is exposed to real estate risk in reference to land, buildings, rights on property and the direct or indirect investments in real estate companies. The estate properties for own use of the company are included in this type of risk.

The **Spread risk** is the possible adverse change in the level and volatility of credit spreads. The company is exposed to the spread risk in reference to bonds, to finance, to mutual debt funds, non-residential mortgages and loans. The loans to associated companies and subsidiaries are included in this type of risk.

The **Currency Risk** derives from adverse changes in the level and volatility of currency exchange rates. The company is marginally exposed to currency risk in relation to financial instruments and bank accounts denominated in foreign currencies.

The **Maturity mismatch risk** arises from the possibility that the company is unable to generate cash inflows that have a time frame aligned with the cash outflows and its risk/return goals.

The **Government risk** is defined as the risk arising from the possibility that the issuers of Government securities are not able to efficiently fulfill their commitments, and the risk arising from a change in the implied spread.

The **credit or default risk** reflects potential losses generated by an unexpected default, or deterioration in the credit standing, of the counterparties and debtors of the company. Company exposure to credit risk, which are not included in the spread risk, mainly refer to: reinsurance agreements (see table above in the section on reinsurance), receivables from other companies, cash at bank or at post office, receivables from intermediaries (e.g. receivables from agents) and customers (e.g. for premiums, for deductibles) and loans (residential mortgage).

The **liquidity risk** reflects possible losses arising from the difficulty of honoring the cash commitments, expected or unexpected, owed to counterparties. The risk arises mainly from the "Liquidity Mismatch Risk" i.e. the mismatch between cash inflows and cash outflows or an inadequate treasury management and from the "Market Liquidity Risk", i.e. the sale of assets (such as less liquid assets) in unfair economic and timing conditions, accordingly influencing the Net Asset Value of the company.

As of December 31, 2016, as noted in the tables in the previous section "Securities portfolio breakdown", more than 95% of financial assets held was listed on a regulated market.

The breakdown of financial liabilities by maturity is given in the relevant section.

The **concentration risk** is represented by all risk exposures with a potential loss, enough to threaten the solvency or the financial position of the company.

The **risk of non-compliance with standards** is defined as the risk of incurring legal or administrative sanctions, significant financial losses or reputational damage as a result of violations of mandatory rules (laws, regulations), of self-regulatory standards (e.g. statutes, codes of conduct, self-regulatory codes, etc.) or the risk arising from adverse changes in the law or legal guidelines.

The **reputational risk** is defined as the risk of decrease in profits or capital arising from a negative perception of the Group by its main stakeholders (customers, shareholders, investors, lenders, regulatory authorities, employees, partners, distribution network, suppliers, general public, etc.). The appreciation judgment is usually tied to the organization's quality, the characteristics and behaviors that derive from experience, from hearsay or from the observation of past actions of the organization.

The **risk related to the group or the risk of "contagion"** is the risk that, as a result of the relationship between the company and other Group entities, difficult situations that arise in an entity of the same group can propagate with negative effects on the solvency of the company itself. In this type of risk is included the risk of conflict of interest which is regulated by the Related Parties Procedure adopted by the company which defines the rules, the procedures and principles necessary to ensure the transparency and substantial and procedural fairness of transactions undertaken with related parties of the company.

Risk assessment

The assessment phase is aimed at measuring risks through quantitative methods, where it is possible, and/or qualitative methods. The quantitative measurement of risks is performed using several procedures, which are used to determine both the present situation both the medium to long-term situation.

In addition, in order to assess its vulnerability to extreme but plausible events, the company makes use of specific quantitative techniques. In particular the stress tests allows to assess the effects on economic and financial conditions arising from specific events or from changes in a set of economic-financial and insurance variables in the event of adverse scenarios.

The quantitative techniques used by the company determine the risk profile or the risk measure actually taken and detected at a given time instant. Any deviation from the level of risk appetite is monitored, as described in the following paragraph.

In addition, the company determines through quantitative measurement techniques the Solvency Capital, being the amount of equity that the company must hold, for regulatory and capital soundness purposes, to cover risks arising from the business.

Risk Monitoring

The monitoring is based on controlling, on an ongoing basis, exposure to different types of risk and is performed by verifying:

- compliance with the principles / guidelines defined in the policies;
- compliance with risk and operational limits for specific risk categories;
- trend indicators such as those of capital value and liquidity.

The risk monitoring process is structured into three phases:

- production of a risk measurement report: the risk owner prepares reporting defined for the risk monitoring with the frequency and the operating procedures defined in the reference policy;
- analysis of the measured risk and proposal of mitigation plan: the risk owner examines data on the risk measurement report of its competence and prepares a report aimed at sharing its findings, at explaining certain phenomena encountered and possibly at proposing a plan of action to deal with the risk. The report and the reports are transmitted to the Risk Management;
- approval of a reaction and risk mitigation plan: the Risk Manager analyses information set out in reports, completes the exam with additional analysis deemed appropriate and makes the resulting evaluations. During the first meeting of the Risk Management Committee or, if deemed necessary, in a special session, mitigating/reacting plans, proposed by the responsible for the line of activity or the Risk Manager, are submitted for discussion and approval.

Risk treatment

The risk treatment of is to evaluate the possible options regarding the reaction to risk and then activate the one that is considered more appropriate. The choice, which also depends on the type and severity of the risk, is made between the following options: acceptance, avoidance, or attenuation and mitigation.

The acceptance option can result in the revision of risk targets, while avoidance can lead to re-examination of the objectives and business strategies.

The treatment that addresses the adverse consequences of action is called "risk mitigation"; while the one which affects the probability is defined action of "attenuation of risk." The risk treatment can create new risks or modify existing risks. Any violations of the risk profile, operating limits or tolerances are managed through the process of definition of recovery actions.

In particular the escalation process distinguishes stages and responsibilities depending on the severity of the violation:

- in cases of breach within the tolerance thresholds, the Vice President shall promptly inform the Audit and Risk Committee and, with the support of the Board Committees and the Risk Management Department and Senior Management, defines the eventual recovery plan;
- for breaches beyond the tolerance thresholds, the Vice President shall promptly inform the Board of Directors with the aim of establishing and approving the measures deemed necessary and the relative timing. In the definition of proposals to the Board of Directors the Board Committees, the Risk Management Department and the Senior Management are involved.

Reporting

The internal reporting system of the company, designed for the purpose of communicating the information needed to make timely and effective decisions even in critical situations, follows the aim of promoting, at the appropriate hierarchical levels, all assumable, undertaken and future risks in the various business segments highlighting, in an integrated logic, the correlations of the risks and interrelations with the external environment.

Information flows provided by internal reporting system, as part of the risk management system, provide for the approach:

- from the top, in relation to communications from the Board of Directors to senior management and the company structures involved;
- from below, in reference to the flow of information, for the Board and the Committees, prepared especially by the control and top management functions;
- cross, alleging the information flows between the control functions and the various business units and senior management.

Human resources

As stated in the Company's Code of Ethics, Vittoria Assicurazioni is aware that the value of people, regardless of the level at which they operate, is a fundamental factor of success. It therefore recognizes the centrality of human resources and pursues the objective of their valorisation, encouraging the continuous development of skills and competences in the context of a work culture based on merit and on the ability to generate and maintain relationships focused on fairness, professionalism and respect for people.

The protection and enhancement of human resources that Vittoria Assicurazioni uses, guaranteeing respect for moral and professional dignity, are pursued through:

- careful evaluation of the applications, aimed at verifying the correspondence between the company needs and the professional profiles to be selected: the resources are identified primarily through internal selection processes, so as to promote their professional growth. Where it is not identifiable in the company applications consistent with the profile required, selection processes are activated aimed at the market to select particularly qualified candidates for academic career and / or professional experience gained in the sector;
- the commitment to training in line with the role played by each one, respecting the objectives and strategies of the Company: Vittoria Assicurazioni believes that resources play a fundamental role in the process of value creation and therefore pays particular attention to the planning of training and training;
- encourage forms of flexibility in the organization of work, respecting individual / family and company needs;
- prevention of all forms of discrimination;
- the adoption of a reward system that includes:
 - the constant professional development of resources, implemented through the performance evaluation system and the identification of growth paths;
 - the careful supervision of the remuneration system, implemented both through a careful remuneration policy, and through an incentive system that assigns corporate, team and individual objectives, which the Company is progressively extending to the entire corporate population;
- the constant commitment to the preparation of workplaces not only compliant with the safety standards required by law, to protect the health of those who use them, but also pleasant to live.

Relations with the Supervisory Authority

On 11 May 2017, the Supervisory Authority approved the application for authorization to use the USP (Undertaking Specific Parameters) for the calculation of the SCR (Solvency Capital Requirement) for non-life pricing and reserving risks in Line on businesses 1, 2, 4 and 5 (Motor Liability, Other Motor Insurance, Fire and Other Property Damage and Third Party Liability).

The authorization came in good time to be implemented for the purposes of solvency calculations as of 31 December 2016.

Following the authorization, the U.S.P. are adjusted each year, depending on the results of the portfolio.

Solvency Capital Requirements

(pursuant to paragraph 7 of Article. 4 of ISVAP Regulation no. 22 of 4 April 2008, amended and supplemented by IVASS Regulatory order n.53 / 2016)

As required by the Supervisory regulations, we indicate assessments with regard to the Solvency II Capital Requirements:

Volatility Adjustment Evaluations of euro

amounts in millions

Solvency Capital Requirement	430
Minimum Capital Requirement	193
Solvency II Own Funds (net of dividend to be distributed in 2018)	905

Company's own funds belong to Tier 1 for 897 million euro and to Tier 3 for 8 million euro. The solvency ratio (ratio of equity and S.C.R.) is estimated at 210.5%.

Management and coordination

On 24 May 2017, Ivass registered Yafa S.p.A. as the Parent Company of the Vittoria Assicurazioni Group (with registration number 008) in the Register established pursuant to art. 210-ter of Legislative Decree 7 September 2005 n. 209 (Code of Private Insurance). Registration is the final act of a process of adaptation to the new provisions of the Private Insurance Code as amended by Legislative Decree no. 74/2015, implementing Directive 2009/138 / EC (Solvency II) and the implementing Ivass Regulation no. 22 of 1 June 2016, which identify the Parent Company of an Insurance Group in the Ultimate Italian Parent Company.

In compliance with the aforementioned legislation, on 29 June 2017, the Board of Directors of Vittoria Assicurazioni recognized the subjection of the Company to the management and coordination of the Parent Company, Yafa S.p.A.

The areas under management and coordination of the Parent Company Yafa S.p.A. are set out in the Group Regulations, which governs the obligations of subsidiaries with reference to the activities required by the Parent Company to carry out the tasks provided by the current group solvency rules, control of intragroup transactions and risk concentration management. The Regulation also aims to leave the Vittoria Assicurazioni's Board of Directors' duties and responsibilities unmistakable with regard to the strategic guidelines of their competence, particularly for business strategy decisions, in accordance with the subjects provided by the Parent Company.

The Regulation provides a differentiated management of the scope of application of intergroup coordination by delegating to Vittoria Assicurazioni the management and coordination of its subsidiaries and of all its supervisory and risk management bodies currently implemented as set out in Regulation 20, while to Yafa S.p.A., the direct direction and direct coordination of the other subsidiaries.

As better illustrated in the Corporate Governance Report and ownership structure, Vittoria Assicurazioni has adopted a corporate governance system to ensure compliance with the provisions of art. 37 of the Markets Regulation adopted by Consob resolution no. 16191 of 29 October 2007, applicable to listed companies subject to management and coordination by others.

At 31 December 17 Vittoria Assicurazioni S.p.A., in the aforementioned Regulation, exercises management and coordination activities on the following companies:

Real estate companies

Vittoria Immobiliare SpA – Milan
Acacia 2000 Srl – Milan
Immobiliare Bilancia Srl – Milan
Immobiliare Bilancia Prima Srl - Milan
V.R.G. Domus Srl – Turin
Vittoria Properties Srl – Milan
Valsalaria Srl – Rome
Vaimm Sviluppo Srl – Milan
Interimmobili Srl - Rome
Gestimmobili Srl – Milan
VP Sviluppo 2015 S.r.l. - Milan

Service companies

Interbilancia Srl - Milan
Aspevi Firenze Srl - Florence
Assiorvieto Servizi S.r.l. - Orvieto
Plurico Srl - Milan

Infragroup and related-party transactions

The Company has adopted a "Procedure for the management of related-party transactions" pursuant to Consob Regulation 17221 of 12 March 2010 as amended and supplemented, briefly described in the report on corporate governance and ownership structures. The full text of the procedure is available in the Governance section of the Company internet site of www.vittoriaassicurazioni.com

The Board also approved the "Policy of Inter-Group Transactions" setting the guidelines relating to inter-group transactions identified pursuant to art. 377 paragraph 2 of the Delegated Acts and Ivass Regulation no. 30 of 26 October 2016, so that they will be consistent with the principles of sound and prudent management, do not produce negative effects on the solvency and are not prejudicial to the interests of policyholders.

There were no financial or commercial transactions with the direct controlling company Vittoria Capital S.p.A. and with the intermediate controlling company Yafa Holding S.p.A..

Starting from 1 July 2017, service contracts are in place between the parent company Yafa S.p.A. and Vittoria Assicurazioni S.p.A., aimed at exploiting operational synergies at Group level.

The table below shows the balances resulting from the transactions carried out during the year with Group companies, involving mainly administration and management of the property portfolio, administrative and IT services, loans, and adjustments on equity investments.

	Parents	Subsidiaries	Associated	Total as at 31/12/2017	Total as at 31/12/16
(€/000)					
<i>Assets</i>					
Investments	-	484,765	15,433	500,198	523,539
Loans	-	13,000	590	13,590	21,233
Receivables and other assets	11	4,781	9,056	13,837	4,604
Total Assets	11	502,546	25,079	527,625	549,376
<i>Liabilities</i>					
Payables and other liabilities	38	3,154	148	3,302	6,318
Total Liabilities	38	3,154	148	3,302	6,318
Dividends	-	-	55	55	-
Adjustments values	-	-	761	761	8,564
Revenues for service business	34	234	29	263	118
Costs for service business	62	695	99	794	913
Commissions	-	2,751	8,752	11,503	5,703
Net income on investments	-	350	103	453	640

Loans receivable from subsidiaries refer to the real estate companies Bilancia Prima S.r.l., Vaimm Sviluppo S.r.l. and VP Sviluppo 2015 S.r.l. while those towards associated companies refer to Aspevi Milano S.r.l..

Receivables and other assets related to subsidiaries refer mainly to group VAT receivables and miscellaneous receivables for advance expenses from Vittoria Assicurazioni.

Receivables and other assets related to associates refer mainly to the premiums to be paid following the collections of the agencies. The increase is mainly due to the entry of the associated company Aspevi Milano S.r.l., which took place in the fourth quarter of the year.

Payables and other liabilities primarily related to the IRES debt, arising from the adoption of the tax consolidation and the debts of Group VAT.

Dividends are related to dividend collection by the associated company Yarpa S.p.A..

Revenues from services mainly relate to rental fees from the subsidiary Gestimmobili S.r.l..

Costs for services provided by subsidiaries mainly refer to the management of real estate assets through

administrative technical consultancy provided by Gestimmobili S.r.l. and overheads incurred mainly towards Acacia 2000 S.r.l..

The commissions were paid to the subsidiaries Assiorviato Servizi S.r.l. and Aspevi Firenze S.r.l. and to the related companies Aspevi Roma S.r.l. and Aspevi Milano S.r.l..

The significant increase compared to the previous year is mainly attributable to the subsidiary Aspevi Firenze S.r.l. and to the associated company Aspevi Milano S.r.l., the latter not part of the group in 2016.

Net investment income relates to revenues from loans mainly of subsidiaries Immobiliare Bilancia Prima S.r.l., Vaimm Sviluppo S.r.l., Vittoria Immobiliare S.p.A. and VP Sviluppo 2015 S.r.l..

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

A description of the Companies and additional disclosures are shown in the Notes, part C – other information and in the Consolidated Financial Statements.

Report on remuneration

(pursuant to Article 123-ter of Italian Legislative Decree, No. 58/1998 and IVASS Regulation no. 39)

Information concerning remuneration policy of members of the administrative body and board of control, general director and strategically accountable managers are shown in the Report on remuneration published pursuant to Art. 123-ter of Italian Legislative Decree, No. 58/1998.

Consolidated Non-Financial Statement for 2017 financial year

(pursuant to articles 3 and 4 of Legislative Decree No. 254 of 2016)

Consolidated Non-Financial Statement, envisaged by Legislative Decree No. 254 of 2016, is published in the Investor Relations \ Sustainability Report section of the Company's website www.vittoriaassicurazioni.com.

Report on corporate governance and ownership structures

(pursuant to Article 123/2 of T.U.F.)

The annual report on corporate governance and ownership structures established by article 123/2 of T.U.F. can be consulted on the company's website in the section "Governance" at the following address: www.vittoriaassicurazioni.com.

Performance in early months of FY2018 and business outlook

The Company's performance in the first months of 2018 is in line with the targets of the 2017-2019 plan.

During the month of February, with a view to consolidating relations with the Consultinvest group, with which an exclusive distribution agreement was concluded for Life business policies, Vittoria Assicurazioni subscribed no. 2,500,000 newly issued shares of Consultinvest S.p.A. with an outlay of 2,500 thousand euro, acquiring a 9.62% stake in the company.

At the date of approval of the following Report, an IVASS audit is underway regarding the correctness of the liquidation procedures of the Motor business and the related aspects of governance.

Allocation of earnings

Shareholders,

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

Net profit of Non-Life Business	euro	75,027,840
Net profit of Life Business	euro	3,417,322
Total (equal to 1,1642 per share)	euro	78,445,162
Allocation to Life Business Legal Reserve	euro	170,866
Total available net profit	euro	78,274,296
of which:		
Available net profit of Non-Life Business	euro	75,027,840
Available net profit of Life Business	euro	3,246,456

Shareholders,

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

to each of the 67,378,924 shares constituting the entire share capital 0.28 euro for a total of 18,866,099 euro. Remaining 59,408,197 euro which we propose be allocated to increasing the Non-Life Available Reserve for 56,161,741 euro and Life Available Reserve for 3,246,456 euro.

If you agree with and approve our proposal, the dividend will be paid as from 9 May 2018 c/o custodian intermediaries with detachment of coupon no. 36 on 7 May 2018. Those who hold shares at the end of the record date of 8 May 2018, decided by the company in accordance with the Italian Stock Exchange's calendar, will be entitled to collect the dividend.

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

The Board of Directors

Milan, 15th March 2018

Financial statements
as at and for the year ended
31 December 2017

Previous year

					181	0
		182	0			
183	5,876,202					
184	0	185	5,876,202			
		186	0			
		187	0			
		188	0			
		189	8,648,304		190	14,524,506
		191	88,644,947			
		192	99,557,239			
		193	0			
		194	0			
		195	0	196	188,202,186	
197	0					
198	506,609,466					
199	0					
200	15,364,435					
201	28,411,743	202	550,385,643			
203	0					
204	0					
205	0					
206	0					
207	0	208	0			
209	0					
210	20,000,000					
211	0					
212	1,232,791					
213	0	214	21,232,791	215	571,618,435	
		to carry forward				14,524,506

Previous year

	brought forward		14,524,506
216	0		
217	0		
218	0	219	0
		220	69,624,443
221	1,953,741,341		
222	1,106,472		
223	0	224	1,954,847,814
225	3,145,445		
226	1,275,779		
227	3,956,375	228	8,377,598
		229	0
		230	2,000,000
		231	0
		232	2,034,849,854
		233	148,734
		234	2,794,819,208
		235	37,368,378
		236	18,980,348
		237	56,348,726
		238	17,189,676
		239	38,812,509
		240	0
		241	0
		242	56,002,185
		243	7,446,621
		244	0
		245	0
		246	0
		247	31,924
		248	0
		249	7,478,545
		250	63,480,730
	to carry forward		2,929,173,171

BALANCE SHEET

ASSETS

		Current year	
brought forward			3,250,762,572
E. RECEIVABLES			
I - Receivables relating to direct insurance due from:			
1. Policyholders			
a) premiums for the year	71	56,045,903	
b) premiums for previous years	72	1,276,079	73
			57,321,982
2. Insurance brokers and agents			
			74
			87,781,245
3. Current account companies			
			75
			9,406,718
4. Amounts to be recovered from policyholders and third parties			
			76
			24,113,279
			77
			178,623,224
II - Receivables relating to reinsurance due from:			
1. Insurance and reinsurance companies			
			78
			3,044,642
2. Reinsurance brokers and agents			
			79
			0
			80
			3,044,642
III. - Other receivables			
			81
			63,503,233
			82
			245,171,099
F. OTHER ASSETS			
I - Tangible assets and inventory:			
1. Office furniture and machines and internal transport systems			
			83
			5,494,529
2. Registered chattel property			
			84
			118,108
3. Plant and equipment			
			85
			1,075,590
4. Inventory and other assets			
			86
			151,569
			87
			6,839,795
II - Liquid funds			
1. Bank and postal accounts			
			88
			84,415,215
2. Cheques on hand and cash-in-hand			
			89
			7,127
			90
			84,422,343
III - Own shares or quotas			
			91
			0
IV - Other assets			
1. Suspense reinsurance accounts			
			92
			0
2. Sundry assets			
			93
			72,623,558
			94
			72,623,558
			95
			163,885,696
G. PREPAYMENTS AND ACCRUED INCOME			
1. Interest			
			96
			24,603,527
2. Rent instalments			
			97
			463,667
3. Other prepayments and accrued income			
			98
			3,081,711
			99
			28,148,904
TOTAL ASSETS			100
			3,687,968,271

Previous year

	brought forward			2,929,173,170	
251	50,367,452				
252	1,841,696	253	52,209,148		
		254	95,771,497		
		255	6,177,133		
		256	24,090,128	257	178,247,907
		258	810,686		
	0	260	810,686		
		261	40,823,521	262	219,882,113
263	6,511,298				
264	155,342				
265	897,111				
266	11,029	267	7,574,781		
268	226,043,456				
269	50,213	270	226,093,669		
		271	0		
272	0				
273	79,350,624	274	79,350,624	275	313,019,074
		276	25,105,965		
		277	849,068		
		278	3,562,383	279	29,517,416
				280	3,491,591,773

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' EQUITY

Current year

A. SHAREHOLDERS' EQUITY				
I	- Subscribed share capital or equivalent fund	101	67.378.924	
II	- Share premium reserve	102	33.355.418	
III	- Revaluation reserves	103	18.192.709	
IV	- Legal reserve	104	12.677.620	
V	- Statutory reserves	105	0	
VI	- Reserve for own shares	106	0	
VII	- Other reserves	107	519.479.879	
VIII	- Retained earnings or losses carried forward	108	0	
IX	- Net profit (loss) for the year	109	78.445.162	
X	- Negative reserve for own shares	401	0	110 729.529.712
B. SUBORDINATED LIABILITIES				111 0
C. TECHNICAL RESERVES				
I - NON-LIFE BUSINESSES				
1.	Premium reserve	112	404.550.244	
2.	Claims reserve	113	1.147.717.449	
3.	Profit participation and reimbursement reserve	114	0	
4.	Other technical reserves	115	408.603	
5.	Equalisation reserves	116	6.921.933	117 1.559.598.229
II - LIFE BUSINESSES				
1.	Mathematical reserves	118	1.150.584.453	
2.	Complementary insurance premium reserve	119	67.184	
3.	Reserve for payable amounts	120	24.342.206	
4.	Profit participation and reimbursement reserve	121	63.488	
5.	Other technical reserves	122	5.921.487	123 1.180.978.817 124 2.740.577.046
D. TECHNICAL RESERVES WHERE THE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND RESERVES ARISING FROM PENSION FUND MANAGEMENT				
I	- Reserves arising from index-linked policies	125	52.199.583	
II	- Reserves arising from pension fund management	126	24.025.674	127 76.225.257
	to carry forward			3.546.332.016

Previous year

	281	67,378,924	
	282	33,355,418	
	283	18,192,709	
	284	12,628,491	
	285	0	
	286	0	
	287	394,191,936	
	288	0	
	289	139,486,646	
	501	0	290 665,234,124
			291 0
292		394,239,206	
293		1,118,633,700	
294		0	
295		408,603	
296	6,307,572	297 1,519,589,081	
298		1,072,341,569	
299		78,282	
300		26,328,815	
301		48,573	
302	6,307,700	303 1,105,104,939	304 2,624,694,020
		305 37,368,378	
		306 18,980,348	307 56,348,726
to carry forward			3,346,276,870

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year	
brought forward			3,546,332,016
E. PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES			
1	Pension and similar provisions	128	0
2	Provision for taxation	129	9,151,535
3	Other provisions	130	14,489,696
		131	23,641,230
F. DEPOSITS FROM REINSURERS			
			132
			6,418,408
G. PAYABLES AND OTHER LIABILITIES			
I - Payables arising from direct insurance business due to:			
1.	Insurance brokers and agents	133	4,855,474
2.	Current account companies	134	2,670,728
3.	Guarantee deposits and premiums paid by policyholders	135	1,142,662
4.	Guarantee funds in favour of policyholders	136	460,269
		137	9,129,132
II - Payables arising from reinsurance business due to:			
1.	Insurance and reinsurance companies	138	8,676,275
2.	Reinsurance brokers and agents	139	0
		140	8,676,275
III. - Bond issues			
		141	0
IV - Due to banks and other financial institutions			
		142	0
V - Secured debts			
		143	0
VI - Sundry loans and other financial payables			
		144	0
VII - Employees' leaving entitlement			
		145	2,875,501
VIII - Other sums payable			
1.	Policyholders' tax due	146	24,047,404
2.	Other sums payable to taxation authorities	147	2,739,938
3.	Social security charges payable	148	3,194,428
4.	Sundry payables	149	31,458,617
		150	61,440,386
IX - Other liabilities			
1.	Suspense reinsurance accounts	151	0
2.	Commissions on premiums under collection	152	15,070,553
3.	Other liabilities	153	14,356,271
		154	29,426,824
		155	111,548,120
	to carry forward		3,687,939,773

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year	
brought forward			3,687,939,773
H. ACCRUED EXPENSES AND DEFERRED INCOME			
1.	Interest	156	0
2.	Rent instalments	157	0
3.	Other accrued expenses and deferred income	158	28,498
		159	28,498
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		160	3,687,968,271

Previous year

brought forward		3,346,276.870
	308	0
	309	11,838.794
	310	9,555.812
	311	21,394.606
	312	12,933.017
313	5,029.035	
314	2,066.388	
315	1,118.459	
316	239.718	317 8,453.600
318	7,504.447	
319	0	320 7,504.447
	321	0
	322	0
	323	0
	324	0
	325	2,905.025
326	23,638.079	
327	6,711.311	
328	2,798.163	
329	32,049.916	330 65,197.469
331	0	
332	13,292.204	
333	13,621.021	334 26,913.226
335		110,973.768
to carry forward		3,491,578.261

Previous year

brought forward		3,491,578.261
	336	0
	337	0
	338	13,512
	339	13,512
	340	3,491,591.773

PROFIT AND LOSS ACCOUNT

Current year

I. NON-LIFE BUSINESS TECHNICAL ACCOUNT				Current year
1	PREMIUMS, NET OF OUTWARDS REINSURANCE			
	a) gross premiums accounted for	1	1,148,173,303	
	b) (-) outwards reinsurance premiums	2	36,729,017	
	c) Change in gross premium reserve	3	10,311,039	
	d) Change in reinsurer premium reserve	4	-3,786,662	5 1,097,346,585
2	(+) INCOME ON INVESTMENTS TRANSFERRED FROM NON-TECHNICAL ACCOUNT (Caption III.6)			6
3	OTHER TECHNICAL INCOME, NET OF OUTWARDS REINSURANCE			7 6,652,326
4	CHARGES RELATING TO CLAIMS, NET OF RECOVERIES AND OUTWARDS REINSURANCE			
	a) Amounts paid			
	aa) Gross amount paid	8	742,334,787	
	bb) (-) reinsurers' share	9	33,745,461	10 708,589,326
	b) Change in recoveries, net of reinsurers' share			
	aa) Gross amount recovered	11	16,957,625	
	bb) (-) reinsurers' share	12	-93,398	13 17,051,023
	c) Change in claims reserve			
	aa) Gross amount	14	29,128,719	
	bb) (-) reinsurers' share	15	5,773,119	16 23,355,600
5	CHANGE IN OTHER TECHNICAL RESERVES, NET OF OUTWARDS REINSURANCE			18
6	REVERSALS AND PROFIT PARTICIPATION, NET OF OUTWARDS REINSURANCE			19
7	OPERATING COSTS:			
	a) Acquisition commissions	20	176,877,150	
	b) Other acquisition costs	21	49,697,407	
	c) Change in commissions and other acquisition costs to be amortised	22		
	d) Premium collection commissions	23	10,818,873	
	e) Other administrative costs	24	33,274,457	
	f) (-) Profit participation and other commissions received by reinsurers	25	5,488,988	26 265,178,899
8	OTHER TECHNICAL CHARGES, NET OF OUTWARDS REINSURANCE			27 11,167,556
9	CHANGE IN EQUALISATION RESERVES			28 614,361
10	RESULT OF NON-LIFE BUSINESS TECHNICAL ACCOUNT (Caption III. 1)			29 112,144,193

Previous year

			111	1.081.262.064	
			112	31.573.619	
			113	364.656	
			114	-249.169	
					115
					1.049.074.620
					116
					13.974.060
					117
					5.985.902
		118		660.029.479	
		119	20.142.339		
			120	639.887.140	
		121		12.257.577	
		122	-929.247		
			123	13.186.825	
		124		50.545.410	
		125	-779.713		
			126	51.325.123	
					127
					678.025.438
					128
					129
			130	160.872.502	
			131	45.122.063	
			132		
			133	10.111.822	
			134	35.722.038	
			135	4.452.027	
					136
					247.376.398
					137
					12.439.334
					138
					566.503
					139
					130.626.909

PROFIT AND LOSS ACCOUNT

Current year

II. LIFE BUSINESS TECHNICAL ACCOUNT				Current year
1	PREMIUMS, NET OF OUTWARDS REINSURANCE:			
	a) Gross premiums accounted for	30	191.144.124	
	b) (-) outwards reinsurance premiums	31	1.156.711	32 189.987.413
2	INCOME ON INVESTMENTS:			
	a) Income on equity investments	33		
	(of which: from group companies	34)
	b) Income on other investments:			
	aa) land and buildings	35	2.768.245	
	bb) other investments	36	44.775.755	37 47.544.000
	(of which: from group companies	38)
	c) Adjustments to investment values	39		
	d) Profit on sale of investments	40	24.572	
	(of which: from group companies	41		42 47.568.572
3	INCOME AND NON-REALISED CAPITAL GAINS RELATING TO INVESTMENTS BENEFITTING POLICYHOLDERS BEARING THE RISK AND INVESTMENTS STEMMING FROM PENSION FUND MANAGEMENT			43 4.484.836
4	OTHER TECHNICAL INCOME, NET OF OUTWARDS REINSURANCE			44 588.246
5	CHARGES RELATING TO CLAIMS, NET OF OUTWARDS REINSURANCE:			
	a) Amounts paid			
	aa) Gross amount paid	45	117.690.206	
	bb) (-) reinsurers' share	46	4.608.467	47 113.081.739
	b) Change in reserve for amounts payable			
	aa) Gross amount	48	-1.986.609	
	bb) (-) reinsurers' share	49	3.036.624	50 -5.023.232
51				108.058.507
6	CHANGE IN MATHEMATICAL RESERVES AND OTHER TECHNICAL RESERVES, NET OF OUTWARDS REINSURANCE			
	a) Mathematical reserves:			
	aa) Gross amount	52	72.909.410	
	bb) (-) reinsurers' share	53	-5.196.590	54 78.106.000
	b) Complementary insurance premium reserve:			
	aa) Gross amount	55	-11.098	
	bb) (-) reinsurers' share	56		57 -11.098
	c) Other technical reserves			
	aa) Gross amount	58	-386.213	
	bb) (-) reinsurers' share	59	-1.133	60 -385.080
	d) Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management			
	aa) Gross amount	61	19.876.531	
	bb) (-) reinsurers' share	62		63 19.876.531
64				97.586.353

Previous year

	140	189.468.833		
	141	1.182.180	142	188.286.654
	143			
(of which: from group companies	144)		
	145	2.806.060		
	146	41.074.000	147	43.880.060
(of which: from group companies	148)		
	149			
	150	647.811		
(of which: from group companies	151)	152	44.527.870
			153	2.886.890
			154	737.818
	155	140.283.119		
	156	455.263	157	139.827.857
	158	-1.986.780		
	159		160	-1.986.780
			161	137.841.077
	162	64.894.615		
	163	480.750	164	64.413.865
	165	-12.424		
	166		167	-12.424
	168	-853.276		
	169	436	170	-853.712
	171	-2.287.573		
	172		173	-2.287.573
			174	61.260.156

PROFIT AND LOSS ACCOUNT

		Current year
7	REVERSALS AND PROFIT PARTICIPATION, NET OF OUTWARDS REINSURANCE	65 14.914
8	OPERATING COSTS:	
	a) Acquisition commissions	66 5.620.388
	b) Other acquisition costs	67 4.682.536
	c) Change in commissions and other acquisition costs to be amortised	68 359.877
	d) Premium collection commissions	69 725.590
	e) Other administrative costs	70 5.154.411
	f) (-) Profit participation and other commissions received by reinsurers	71 197.252
		72 15.625.796
9	CAPITAL AND FINANCIAL CHARGES:	
	a) Investment management charges and interest payable	73 10.670.426
	b) Adjustments to investment values	74 2.498.464
	c) Loss on sale of investments	75 314.840
		76 13.483.730
10	CAPITAL AND FINANCIAL CHARGES AND NON-REALISED CAPITAL LOSSES RELATING TO INVESTMENTS BENEFITTING POLICYHOLDERS WHO BEAR THE RISK AND INVESTMENTS STEMMING FROM PENSION FUND MANAGEMENT	77 2.068.946
11	OTHER TECHNICAL CHARGES, NET OF OUTWARDS REINSURANCE	78 821.449
12	(-) INCOME ON INVESTMENTS TRANSFERRED TO NON-TECHNICAL ACCOUNT (caption III.4)	79 2.776.210
13	RESULT OF LIFE BUSINESS TECHNICAL ACCOUNT (Caption III. 2)	80 2.193.162
III. NON-TECHNICAL ACCOUNT		
1	RESULT OF NON-LIFE BUSINESS TECHNICAL ACCOUNT (Caption I.10)	81 112.144.193
2	RESULT OF LIFE BUSINESS TECHNICAL ACCOUNT (Caption II.13)	82 2.193.162
3	INCOME ON INVESTMENTS IN NON-LIFE BUSINESS:	
	a) Income on equity investments	83 1.798.969
	(of which: from group companies	84 1.798.969)
	b) Income on other investments:	
	aa) land and buildings	85 3.204.635
	bb) other investments	86 24.943.343
	(of which: from group companies	87 28.147.978
	88 385.087)	
	c) Adjustments to investment values	89
	d) Profit on sale of investments	90 266.050
	(of which: from group companies	91
	92 30.212.997)	

Previous year

			175	21.616
			<hr/>	
	176	4.808.173		
	177	5.360.159		
			<hr/>	
	178	85.666		
	179	764.217		
	180	6.627.304		
	181	165.124	182	17.309.064
			<hr/>	
	183	10.171.234		
	184	3.917.391		
	185	180.247	186	14.268.872
			<hr/>	
			187	3.073.814
			<hr/>	
			188	561.827
			<hr/>	
			189	2.565.358
			<hr/>	
			190	-462.552
			<hr/>	
			191	130.626.909
			<hr/>	
			192	-462.552
			<hr/>	
	193	496.421		
(of which: from group companies	194	496.421)		
			<hr/>	
	195	3.154.304		
	196	36.470.629	197	39.624.934
(of which: from group companies	198	300.723)		
			<hr/>	
	199	7.257.019		
	200	4.367.773		
(of which: from group companies	201)	202	51.746.146
			<hr/>	

PROFIT AND LOSS ACCOUNT

		Current year
4	(+) INCOME ON INVESTMENTS TRANSFERRED FROM LIFE BUSINESS TECHNICAL ACCOUNT (caption II) 12)	93 2.776.210
5	CAPITAL AND FINANCIAL CHARGES OF NON-LIFE BUSINESS:	
	a) Investment management charges and interest payable	94 20.993.952
	b) Adjustments to investment values	95 11.057.496
	c) Loss on sale of investments	96 741.771
6	(-) INCOME ON INVESTMENTS TRANSFERRED TO NON-LIFE BUSINESS TECHNICAL ACCOUNT (caption I . 2)	97 32.793.220
7	OTHER INCOME	98
8	OTHER CHARGES	99 2.635.891
9	RESULT OF ORDINARY BUSINESS	100 12.497.917
10	EXTRAORDINARY INCOME	101 104.671.317
11	EXTRAORDINARY EXPENSE	102 8.171.415
12	RESULT OF EXTRAORDINARY ORDINARY BUSINESS	103 504.337
13	PROFIT (LOSS) BEFORE TAXATION	104 7.667.078
14	TAXATION ON PROFIT FOR THE YEAR	105 112.338.395
15	NET PROFIT (LOSS) FOR THE YEAR	106 33.893.233
		107 78.445.162

Previous year

		203	2.565.358
204	9.848.496		
205	14.466.171		
206	8.560.874	207	32.875.542
		208	13.974.060
		209	2.839.984
		210	11.780.849
		211	128.685.395
		212	71.823.846
		213	336.531
		214	71.487.316
		215	200.172.710
		216	60.686.066
		217	139.486.645

EXPLANATORY NOTES TO ACCOUNTS

To Our Shareholders

Together with the Balance Sheet and Income Statement for the financial year ending on 31 December 2017, we also submit for your approval these Explanatory Notes, which, pursuant to Article 2423 of the Italian Civil Code, are an integral part of the year-end financial statements.

Format and content of year-end financial statements

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

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

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

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

Part A – Accounting policies

Part B – Information on the balance sheet and income statement

Part C – Other information and cash flow statement.

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

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

Restated balance sheet captions are shown net of reinsurance effects.

Other disclosures

Vittoria Assicurazioni S.p.A. has decided to exercise 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.

Reclassified balance sheet

(€/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

Reclassified balance sheet

(€/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	1,103,176	1,079,822
- Mathematical reserves	1,148,334	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

Reclassified individual profit and loss account

(€/000)

	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	-187
Direct insurance result	705	-412
Outwards reinsurance result	1,488	-81
Retained direct insurance result	2,193	-493
Indirect and retroceded insurance result	-	30
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	-	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

Part A

Accounting policies

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

In addition, the year-end financial statements comply with the requirements of Italian Legislative Decree no. 58 of 24 February 1998 and of CONSOB (Italian securities & exchange commission) guidelines, in particular no. 11971 of 14 May 1999 and the following integrations and modifications.

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

Taking into account the solvency ratio, the profitability of the Company and its careful management of risks, the financial statements have been prepared on a going concern basis.

Technical insurance captions

Classification of risks by business line

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

NON-LIFE

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

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

LIFE

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

Gross premiums

LIFE/ NON-LIFE

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

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

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

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

Operating costs

NON-LIFE/
LIFE

Operating costs include:

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

Premium reserve

NON-LIFE

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

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

The ISVAP Regulation no. 22 of 4 April 2008, title III bis, art. 23-ter, amended and supplemented by IVASS regulatory order no. 53/2016, defines the business lines and the criteria of calculation, which are recalled below:

- Bond insurance: the additional reserve follows the criteria envisaged by Annex no. 15 to ISVAP regulation no. 22/2008;
- Hail insurance: the additional reserve follows the criteria envisaged by paragraphs 13 and 14 of Annex 15 to ISVAP regulation no. 22/2008 that they define, respectively, the method of calculation and use;
- Miscellaneous asset damage - (earthquake, seaquake and volcanic eruption insurance): the additional reserve follows the criteria envisaged by paragraphs 13 and 14 of Annex no. 15 to ISVAP regulation no. 22/2008;

- Nuclear risks: the additional reserve follows the criteria envisaged by paragraph 19 of Annex. 15 to ISVAP regulation no. 22/2008.

The premium reserve is supplemented by:

- The reserve for unexpired risks: this reserve is set up to cover risks incumbent upon the company after the balance sheet date, in compliance with Italian Legislative Decree no. 209 of 7 September 2005. It is a technical provision, mandatorily required by paragraph no.7 of Annex. 15 to ISVAP regulation no. 22/2008, possibly normalized to consider non-recurring events, made if, and to the extent that, the total amount of the presumed cost of expected claims – relating to in-force policies – is estimated to exceed the reserve for unearned premiums plus premiums outstanding, net of acquisition costs, for deferred-premium policies.

For the assessment of Unexpired risk reserve of the 14 line of business - Credit is not considered that the empirical method is consistent with the type of portfolio risks Vittoria which is entirely represented by the Salary-Backed Loans with the possibility of recourse.

The inadequacy of the empirical method is to use the pro rata premium reserve which assumes a linear distribution of risks. The expected loss ratio is in fact linked to the outstanding principal of outstanding contracts that is decreasing with respect to their maturity. Being a portfolio developed in the past years that today is an average of half of the period of coverage and so already today do not detect a significant new production, it was considered more appropriate to use a method of estimating the expected loss ratio.

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

Other technical reserves

NON-LIFE

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

Calculations include all the products that, in setting premiums, do not take into account changes in the policyholder's age and contain clauses that limit the Company's ability to withdraw, as indicated by paragraphs 42-43-44 of Annex no. 15 to ISVAP Regulation no. 22 of 4 April 2008, amended and supplemented by IVASS regulatory order no. 53/2016. The estimate is based on a comparison between estimated cash inflows (all premiums expected to be collected in future years on the contracts held in portfolio at December 2016) and estimated cash outflows (all losses expected to be paid for the contracts held in portfolio at December 2016).

For consistency and as a comparison, the reserve was calculated on a lump-sum basis by setting aside 10% of gross premiums written, as envisaged by paragraph 44 of Annex no. 15 to ISVAP Regulation 16/2008, amended and supplemented by IVASS regulatory order no. 53/2016.

Equalisation reserves

NON-LIFE

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

The item includes:

- the offsetting reserve for credit insurance envisaged by paragraph 39 of Annex. 15 to ISVAP regulation no. 22/2008, amended and supplemented by IVASS regulatory order no. 53/2016;
- the equalisation reserve for risks of natural disasters; the calculation is in accordance with the Ministerial Decree no. 705 of 19/11/1996.

Equalisation reserving for FY2017, by business line, is shown in Appendix 25 to the Explanatory Notes.

Costs relating to claims paid

NON-LIFE	<p>In the Non-Life business costs relating to claims paid include amounts paid in the year as indemnities and direct expenses, as well as claims adjustment expenses and the cost of the contribution to the guarantee fund for road-accident victims.</p> <p>Direct expenses are those incurred to avoid or minimise claim damage, including litigation costs as per Article 1917, paragraph 3, of the Italian Civil Code, rescue expenses in transport and aviation insurance, and extinguishing costs in fire insurance.</p> <p>Settlement costs include amounts paid to professionals appointed for the purpose, personnel expenses, logistics costs, and costs for services and goods of the company departments dedicated to claims settlement and handling.</p>
LIFE	<p>Costs relating to claims in the Life business include sums recognised in the financial year against capital sums and annuities accruing, surrenders, and claims, including those relating to complementary insurance.</p>
NON-LIFE/ LIFE	<p>The amount of reinsurers' share of costs is calculated according to the provisions of provisions of contracts in place.</p>

Recoverables

NON-LIFE	<p>The caption includes, sums to be recovered from policyholders and third parties for remedying of claims in policies with no-claims clauses, for deductibles, and for subrogations.</p> <p>The income statement recognises the difference between the amount at year-end and the amount existing on 31 December of the previous year, together with what has been recovered during the year.</p>
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Claims reserve

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

- preparation of inventory estimates for each open position by non-life claims settlement inspectors through session during the year;
- analysis and checking of data through sessions during the year and review of documentation concerning major claims by corporate management together with the liquidators and with the support of external trustees;
- possible integration / update of the reserve initially allocated on the basis of the principle of "reserve continuously".

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

- Accurate and complete basic year-end inventory of all claims partly or totally not settled, highlighting claims that are the subject of disputes
- Analysis of claims featuring several positions in order to ascertain that proper evidence exists supporting each individual position;
- Separate indication of the quantification of bodily injury and property damage;
- Inclusion of estimated direct and settlement costs in the claims reserve. Settlement costs include both amounts paid to professionals taking part in claims handling and internal company costs relating to the claims handling department;

- Assessment of claims relating to credit and suretyship insurance in compliance with the criteria laid down in paragraphs n. 32-33-34 Annex n. 15 of ISVAP Regulation no. 22/2008 amended and supplemented by IVASS Regulatory order no. 53/2016.

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

In support of the local settlement network, a technical review structure is in place, which checks the merits and the method for the correct application of the rules issued by the Management.

The claims reserve includes the estimate for IBNR claims, i.e. claims pertaining to the year that have been incurred but not yet reported by year-end but pertaining to the year. Amounts are calculated considering the average cost of the current generation. For all line of business they are used actuarial statistical methods popular on the market for estimating the number and the amounts of late claims. For TPL line estimate in question is conducted separately for each type of risk. The TPL claims reserves are subject to verification by the Actuarial Function pursuant to ISVAP Regulation no. 22/2008 amended and supplemented by the IVASS Order n. 53/2016. In any case, the managerial structures perform quarterly back testing relative to the amount made in the previous budget.

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

The process for determining the claims reserve of the TPL Lib (including the Third-party liability for watercraft - sea, lake, and river) is based on a complex estimation activity that includes numerous variables. The main assumptions used in the control based on statistical-actuarial methodologies concern the technical variables, including the time interval for deferring payments, the elimination of claims without follow-up, the re-opening and the evolution of the cost of claims connected to seniority. of payment as well as the prospective evaluation of the economic scenario, supplemented where necessary by the expert judgment which is also based on the analysis of the portfolio management events.

The claims reserve for Card and No Card of TPL line comply with the requirements by paragraphs no. 30 of Annex 15 ISVAP Regulation no. 22/2008, in the case of the company would be "managing" and paragraph 2 in the case of the company would be "indebted". The total amount of claims reserve has been calculated in compliance with paragraph no. 31 of the above regulation.

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

Mathematical reserves and other technical reserves

LIFE

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

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

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

In compliance with the requirements established by paragraph no. 36 Annex no. 14 to ISVAP regulation no. 22/2008, amended and supplemented by IVASS regulatory order no. 53/2016, an additional demographic risk reserve has been set up relating to annuity contracts and to capital contracts with a contractually guaranteed annuity conversion factor, in order to adjust the demographic bases used to calculate mathematical reserves to direct portfolio experience.

Mathematical reserves are always supplemented, when necessary, in order to take into account the time lag between the period when a contractually recognised return accrued and the time when it is accorded to the insured (paragraph no. 23 Annex no. 14 to ISVAP regulation no. 22/2008, amended and supplemented by IVASS regulatory order no. 53/2016).

In compliance with the rules established by paragraphs no. 24-32 Annex no.14 to ISVAP regulation no. 22/2008, amended and supplemented by IVASS regulatory order no. 53/2016,an ALM (Asset & Liability Management) procedure is implemented for joint analysis of asset and liability portfolios of internal separately managed accounts considered significant. The aim is to calculate forecast returns for each of them.

The reserves relating to unit-linked policies and pension funds have been calculated taking into account both the contractual commitments and the financial assets linked to these policies. They are made in compliance with paragraphs 39-41 of Annex. 14 to ISVAP regulation no. 22 of 2008, amended and supplemented by IVASS regulatory order no. 53/2016 and covering the commitments deriving from the Life business whose return is determined by reference to investments for which the insured bears the risk, or by reference to an index. It has been also set up to VI line of business (open-ended pension fund), an additional reserve, in accordance with paragraph 41 of Annex.14 to ISVAP regulation no. 22/2008 amended and supplemented by IVASS regulatory order no. 53/2016, to meet the commitments the Company have made to the policyholders including all guarantees of performance provided by contracts.

Reversals and profit participation

NON-LIFE/LIFE

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

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

Other technical costs

LIFE/
NON-LIFE

Other technical costs include:

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

Other technical income

LIFE/
NON-LIFE

Other technical income includes:

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

Transfer of investment income

LIFE/
NON-LIFE

The allocation of investment income to the non-life business technical account and the transfer of the life business technical account to the non-technical account was carried out in accordance with article 55 of Legislative Decree no. 173 of 26 May 1997 and articles 22 and 23 of ISVAP Regulation no. 22 of 4 April 2008.

For the non-life business, the income to be transferred was determined by multiplying the non-life business investment income, net of capital and financial charges recorded in the non-technical account, by the percentage obtained from the ratio between the sub-total of the technical reserves net of reinsurance at the end of the current year and at the end of the previous year and the same sub-total plus the sub-total of the equity at the end of the current year and at the end of the previous year.

For the non-life business, the income to be transferred was determined by multiplying the non-life business investment income, net of capital and financial charges recorded in the non-technical account, by the percentage obtained from the ratio between the sub-total of the technical reserves net of reinsurance at the end of the current year and at the end of the previous year and the same sub-total plus the sub-total of the equity at the end of the current year and at the end of the previous year.

If the income from the investments allocated to the life business technical account is lower than the technical interest recognised by contract to the policyholders during the year, the amount to be transferred to the non-technical accounting must be correspondingly reduced, until it reaches zero, by an amount equal to this lower value.

Inward reinsurance

NON-LIFE/
LIFE

Inward life insurance is recorded on an accruals basis.

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

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

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

Retrocession

NON-LIFE/
LIFE

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

Allocation of costs and revenues common to both the life and non-life businesses

NON-LIFE/
LIFE

The company is authorised to operate in life and non-life insurance and reinsurance.

The criteria and methods for allocating costs and revenues common to both the life and non-life businesses are indicated in the report issued in accordance with article 4 of ISVAP Regulation no. 17 of 11 March 2008. The main criteria for allocating the P&L items not directly attributable to either business are:

Other acquisition costs (including commission)

The costs for the company's sales function are allocated between the two businesses by dividing them into two distinct categories:

- the acquisition costs not directly attributable to purchase / collection commission (development plans, incentives, levies) use the mix of premiums issued at agency level as a driver.
- The remaining acquisition costs (contributions, agency rent, agent pension fund) use the mix of premiums at agency level as a driver.

The other acquisition costs also include personnel costs and overheads both of cost centres which are directly associated with acquiring policies (sales, assumptions) and those charged back to cost centres which carry out activities common to all company areas (general areas, IT). The costs can be allocated between the two businesses directly (as with the RE assumption service and the life business assumption service) or indirectly (general expenses) by using earned premiums as a driver.

Before doing this the costs are weighted in relation to the cumulative policies, in order to determine the total amounts for the life and non-life businesses.

Other administrative expenses (personnel costs and miscellaneous administrative expenses)

This category includes, in accordance with article no. 53 of Legislative Decree no. 173/95, all the remaining expenses not allocated to acquisition and liquidation costs.

For this category of costs the distinction between the two businesses is also made by using a direct criteria for all cost centres directly attributable to the non-life business or the life business, or by using the earned premiums (calculated using the same criteria adopted for other acquisition costs) as an allocation driver.

Investment captions

C I – Land and buildings

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

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

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

Market value

Measurement is based on the market value of each plot of land and building, taken from independent appraisals, which are drawn up taking into account, for property leased, the contractual lease payments required while for the head office, it was estimated a fee realizable potential in the current market conditions. The appraisals also include the estimate of financial variables, such as the discount rate.

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

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

Furthermore, the following conditions are taken into account:

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

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

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

C II – Investments in Group companies and other investees

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

Group companies

Article no. 5 of Italian Legislative Decree no. 173 of 1997 define group companies as being:

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

For the purposes of this classification, the concept of “control” is as defined in Article no. 2359, paragraphs no. 1 and no. 2, of the Italian Civil Code.

Other investee companies

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

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

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

Acquisition cost is written down to allow for any permanent impairment shown in investee companies' financial statements; for companies with real estate assets, this process takes into account the market value of the aforementioned assets, taken from independent expert appraisals, based on financial variables, such as the discount rate used, which incorporates the most recent market data, as well as the cost of capital and of a non-financial nature, such as realizable expectations and relative timing. If the reasons for such write-down no longer exist, the original value is reinstated in subsequent financial statements.

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

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

C III – Other financial investments

Equity investments

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

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

Foreign currency investments are converted into euro as follows:

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

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

Units in mutual investment funds

Investments belonging to this category allocated to the durable and non-durable portfolio. The former are valued at cost, adjusted for permanent losses in value; the latter are valued on the balance sheet at the weighted average cost or, if lower, at the realizable value inferable from the market trend. This lower value is not maintained in subsequent year-end accounts if the reasons for the adjustment no longer exist.

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

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

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

Bonds and other fixed-income debt securities

In accordance with the IVASS Regulation no. 24 of 6 June 2016, the Board of Directors has issued guidelines for classification of the debt securities portfolio.

Fixed-income securities are therefore classified as shown below.

Investment securities

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

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

Trading securities

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

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

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

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

Fair value of financial instruments

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

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

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

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

Investments benefiting policyholders bearing risk

Financial investments benefiting policyholders who bear the risk of such investments are stated at fair value, i.e. at the price and exchange rate of the last trading day of the financial year in compliance with Articles 16,17 and 19 of Italian Legislative Decree no. 173 of 26 May 1997.

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

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

D I - unit-linked and index-linked investments

D II - investments arising from pension fund management

Mortgages and loans

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

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

Other captions

Tangible assets

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

Intangible assets

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

- Business and/or product trademarks = over a 10-year period;
- Over a period that takes their residual possibility of use if they are assets coming under the 2nd point of Article 2426 of the Italian Civil Code;
- Start-up and expansion costs pursuant to the 5th point of Article 2426 of the Italian Civil Code;
- Goodwill is recognised as an asset upon approval of the board of statutory auditors, if acquired against payment, within the limit of the amount paid and is amortised and it is amortized according to the residual useful life; if exceptionally it is not possible to estimate the residual useful life, is amortized over a period not exceeding 10 years.

This caption includes deferred acquisition costs to be amortised, only refer to the Life business, as from the year 2015 the acquisition costs for long-term contracts of Non-Life are charged entirely to the profit and loss account in the year in which those costs are incurred.

LIFE

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

Receivables

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

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

Accrued, prepaid and deferred items

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

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

Payables

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

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

Reserve for employee severance indemnities

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

Provisions for risks and charges

Provisions for risks and charges include provisions to cover liabilities of a predetermined nature, of a certain or probable existence, for which, however, at year-end either the amount or date of occurrence are indeterminate.

Income taxes

Income taxes for the period are recognized in accordance with the laws in force. Deferred taxes are calculated on the basis of the tax rates applicable when the temporary differences will reverse, making the necessary adjustments in case of changes in tax rates for the previous years, provided that the law that changed the tax rate has already been enacted at the balance sheet date.

Prepaid tax assets (or deferred tax assets) are recognized when there is the reasonable certainty that there is an amount of taxable profit, in the years in which the deductible temporary differences that gave rise to such deferred tax assets will reverse, at least equal to the amount of such differences.

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

Conversion into euro

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

Part B

Information on Balance Sheet and Income Statement

BALANCE SHEET

ASSETS

CLASS B – INTANGIBLE ASSETS			
	31/12/2017	31/12/2016	Change
	12,615	14,525	-1,910

Intangible assets are stated net of amortisation calculated as stated in "Part A - Accounting policies" of these Explanatory Notes.

The Annex 4 to these Explanatory Notes detailed changes over the year.

B.1 – Deferred Acquisition commissions

	31/12/2017	31/12/2016	Change
	6,236	5,876	+360

As more fully described in "Part A - Accounting Policies" of the Explanatory Notes, the deferred acquisition commissions refer only to the Life business, as from the year 2015 the acquisition costs for long-term contracts of Non-Life are charged entirely to the profit and loss account in the year in which those costs are incurred, pursuant of the regulation of the sector, which allows the policyholder to withdraw annually from the contract.

If all policies have reached their full maturity, the different duration used for amortisation vs. actual policy duration would have led to an increase in shareholders' equity, before the related tax effect, in shareholders' equity of 387 thousand euro (2016: 463 thousand euro) for the Life business.

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

	31/12/2017	31/12/2016	Change
	6,236	5,876	+360

Life business deferred acquisition commissions changed due to:

commissions on policies acquired in the year			+1,640
commissions for policies cancelled in the year			-88
annual amortization			-1,192

B.5 – Other deferred costs

	31/12/2017	31/12/2016	Change
	6,379	8,648	-2,269

Deferred expenses, stated in year-end accounts at cost, are directly amortised. The decreasing over the year of 2,269 thousand euro is due to acquisitions for 2,515 thousand euro including 841 thousand euro of assets under construction in 2016 capitalized in 2017 and amortisation for 3,943 thousand euro.

CLASS C - INVESTMENTS

31/12/2017	31/12/2016	Change
3,098,659	2,794,819	+303,840

The comparison with investments' fair value is shown by type in the Annexes 4, 5 and 6 to these Explanatory Notes.

Below are shown the main investments:

C.I Land and buildings

	31/12/2017	31/12/2016	Change
	187,695	188,202	-507
<i>Of which:</i>			
C.I 1. Operating buildings	84,273	88,645	-4,372
C.I 2. Buildings used by third parties	103,422	99,557	+3,865

Changes over the year are shown in the following table, separately for the two types of properties:

	Operating buildings	Buildings used by third parties	Total
			(€/000)
Amount as at 31 December 2016	88,645	99,557	188,202
Acquisitions	-	8,074	8,074
Sales	-	(865)	(865)
Amortization	(3,668)	(4,048)	(7,716)
Other variations	(704)	704	-
Amount as at 31 December 2017	84,273	103,422	187,695

The other revaluations in prior years are provided in the statement of real estate assets contained in Part C "Other information" to these Explanatory Notes.

C.II Investments in group and in other companies

	31/12/2017	31/12/2016	Change
	542,833	571,618	-28,785

As required by Article 2426 of the Italian Civil Code and by Article 58 of Italian consolidated law on income tax, investments in group (subsidiaries, associated and other investee companies) shall be deemed non-current financial assets.

Any differences between acquisition value and Associated shareholder's equity are attributable to surplus values not recognised to equity, due to unrealised capital gains on properties, current and future, drafted according to the contents of Part A - Evaluation Criteria. From the analysis carried out, no permanent losses in value have been recorded. Any remaining differences are within a range of acceptable values and are not assessed as impairment losses.

Changes in Investments in group and in other companies are shown in Annex 5 to these Explanatory Notes.

Details about companies in which Vittoria holds an investment are shown in Annexes 6 and 7 to these Explanatory Notes.

C.II 1. Equity investments

	31/12/2017	31/12/2016	Change
	528,610	550,386	-21,776

Change over the year in the item "Equity investments" is fully reported, as well as in the Directors' report in the comments on the equity portfolio, also in Annex 7 to these Explanatory Notes.

C.II 1.b Subsidiaries

	31/12/2017	31/12/2016	Change
	484,765	506,609	-21,844

The investments in subsidiaries totalled 484,765 thousand euro and are allocated for 46,644 thousand euro to the life business and for 438,121 thousand euro to the non-life business.

C.II 1.d Associated companies

	31/12/2017	31/12/2016	Change
	15,433	15,364	+69

The investments in associated companies totalled 15,433 thousand euro and are entirely allocated to the Non-Life business.

C.II 1.e Other investee companies

	31/12/2017	31/12/2016	Change
	28,412	28,412	+0

The item includes investments other than those in subsidiaries and associates, entirely allocated to the Non-Life business.

C.II 3. Loans to group companies

	31/12/2017	31/12/2016	Change
	14,223	21,233	-7,010

Of which:

C.II 3.b Subsidiaries

	31/12/2017	31/12/2016	Change
	13,000	20,000	-7,000

The balance as at 31 December 2017 refers to three loans, of which two of 5,000 thousand euro, granted to the subsidiaries Immobiliare Bilancia Prima S.r.l. and Vaimm Sviluppo S.r.l., and one of 3,000 thousand euro granted to the subsidiary V.P. Sviluppo 2015 S.r.l..

The loans duration is one year and the current rate applied is equal to the 3-months Euribor increased by 2% of spread.

C.II 3.d Associated companies

	31/12/2017	31/12/2016	Change
	590	1,233	-643

The amount as at 31 December 2017 referred to the interest bearing loan toward the associated Aspevi Milano S.r.l..

The loan duration is more than 2 year and the current interest rate applied is equal 2%.

C.II 3.e Other investee companies

	31/12/2017	31/12/2016	Change
	633	0	+633

The amount as at 31 December 2017 referred to the interest bearing loan toward the company Spedin Finanziaria S.p.A..

The loan duration is more than 1 year and the current interest rate applied is equal to 3-months euribor, increased by 2% spread.

C.III Other financial investments

	31/12/2017	31/12/2016	Change
	2,367,982	2,034,850	+333,132

The information on the breakdown and changes in other financial investments according to use and at current value are contained in Annexes 8 and 9 to these Explanatory Notes.

The income and charges are shown in Annexes 21 and 23 of the Explanatory Notes.

The account refers to the following items:

C.III 2 Units in mutual investment funds

	31/12/2017	31/12/2016	Change
	387,838	69,624	+318,214

Investments in mutual funds are mainly long-term investments. These totalled 387,838 thousand euro and are allocated as follows: 198,809 thousand euro to the Life business, and 189,029 thousand euro to the Non-Life business.

As already described in the Directors' report, during the year, the Company continued its action aimed at diversification by asset classes of the investment portfolio. This transaction therefore led to an increase in exposure mainly in UCIs.

For further details on the change in the item, please refer to the "Investments Asset" section of the Directors' report.

C.III 3 Bonds and other fixed-income securities

	31/12/2017	31/12/2016	Change
	1,969,841	1,954,848	+ 14,993
<i>Of which:</i>			
C.III 3.a Listed	1,968,961	1,953,741	+ 15,220
C.III 3.b Not listed	880	1,107	-227

The investments in bonds and other fixed-income include short-term securities of 198,973 thousand euro and long-term securities of 1,770,868 thousand euro. These totalled 1,969,841 thousand euro and are allocated as follows: 1,058,700 thousand euro to the Non-Life business, and 911,141 thousand euro to the Life business.

At 31 December 2017, the Company holds bonds with subordination clauses, for which the following table summarizes the main features:

Debt securities with subordination clauses						(€/000)
Beneficiary	Carrying value FY 2017	Currency	Interest rate	Expiration date	Early redemption clauses	
Deutsche Bank	6,039	Euro	4.50%	19/05/2026	No Clause	
Assicurazioni Generali S.p.a.	5,151	Euro	5.50%	27/10/2047	Call 27/10/2027	
Allianz SE	4,296	Euro	3.10%	06/07/2047	Call 6/7/2027	
Achmea B.V.	3,909	Euro	6.00%	04/04/2043	Call 4/4 2023	
AXA SA	3,157	Euro	3.38%	06/07/2047	Call 6/7/2027	
CNP Assurances	2,764	Euro	4.50%	10/06/2047	Call 10/6/2027	
Danica Pension A/S	2,753	Euro	4.38%	29/09/2045	Call 29/9/2025	
Kommunal Landspensjonskasse	2,702	Euro	4.25%	10/06/2045	Call 10/6/2025	
Barcalys PLC	2,089	Euro	2.63%	11/11/2025	Call 11/11/2020	
Assicurazioni Generali S.p.a.	1,807	Euro	4.13%	04/05/2026	No Clause	
Uniqa Insurance	1,764	Euro	6.00%	27/07/2046	Call 27/7/2026	
Allianz Finance	1,761	Euro	5.75%	08/07/2041	Call 8/7/2021	
NN Group NV	1,634	Euro	4.63%	08/04/2044	Call 8/4/2024	
Credit Agricole	1,630	Euro	4.75%	27/09/2048	Call 27/9/2028	
Skandinaviska Enskilda Banken	1,600	Euro	2.50%	28/05/2026	Call 28/5/2021	
Banco Bilbao Vizcaya	1,591	Euro	3.50%	10/02/2027	No Clause	
Aegon NV	1,577	Euro	4.00%	25/04/2044	Call 25/4/2024	
Caixabank SA	1,553	Euro	3.50%	15/02/2027	Call 15/2/2022	
Landesbank Baden-Württemberg	690	Euro	3.63%	16/06/2025	No Clause	
BCC Banca del Gran Sasso	100	Euro	6.00%	20/06/2023	No Clause	
Total	48,567					

In case of default or liquidation of the issuer, the redemption of bonds and payment of interest is achievable only after full satisfaction of senior creditors.

As indicated in Annex 9 to these Notes, during the year, 100,211 thousand euro was transferred from the long-term portfolio to the short-term portfolio, in compliance with the minimum limits established for securities to be allocated to the short-term portfolio by the Company's framework resolution on investments.

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

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

- increase depending on normal portfolio management and trading for 560,266 thousand euro and decrease depending on reimbursements and sales for 519,686 thousand euro;
- adjustment for negative trading margins and issue differentials for 23,049 thousand euro;
- adjustment at fair value of short-term investments for 2.311 thousand euro.

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

The change over the year is due to the decrease depending on reimbursements for 227 thousand euro.

The following table provides a comparison of the financial instruments required by Article 2427/2 of the Italian Civil Code, as at 31 December 2017, of the book value with the relative «fair value» from the market trend at year end.

	Account class	Carrying value FY 2017	Fair value (*)
(€/000)			
Investments and Other investee companies		542,833	642,085
- Equity investments in other investee companies	C.II.1	528,610	627,862
- Bonds issued by other investee companies	C.II.3.b)	13,000	13,000
- Loans to affiliate companies	C.II.3.d)	590	590
- Loans to other investee companies	C.II.3.e)	633	633
Other financial investments		2,367,982	2,459,488
- Units in mutual investment funds	C.III.2	387,838	399,155
<i>of which carried at a value higher than fair value</i>		<i>214,669</i>	<i>211,130</i>
- Bonds and other fixed-income securities	C.III.3	1,969,841	2,050,031
<i>of which carried at a value higher than fair value</i>		<i>290,249</i>	<i>288,473</i>
- Loans	C.III.4	7,303	7,303
- Bank deposits	C.III.6	3,000	3,000

(*) Fair value corresponds to what is indicated in Annex 8 to the Explanatory Notes.

With regard to the "Equity investments in other investee companies" category, the increase in current value compared to the carrying amount is mainly due to the investments in Yam Invest N.V. (fair value at 31 December 2017 of 65,655 thousand euro) and Nuove Partecipazioni S.p.A. (fair value at 31 December 2017 amounting to 39,673 thousand euro).

Operations involving repurchase agreements

During the year no operations involving repurchase agreements were carried out.

C.III 4 Loans

	31/12/2017	31/12/2016	Change
	7,303	8,378	-1,075
<i>Of which:</i>			
C.III 4.a Secured loans	2,500	3,145	-645
C.III 4.b Loans against insurance policies	596	1,277	-681
C.III 4.c Other loans	4,207	3,956	+251

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

C.III 4.a Secured loans

	31/12/2017	31/12/2016	Change
	2,500	3,145	-645

The item consists solely of mortgage loans granted by the company. The minimum interest rate applied to mortgages is 1.50%.

The amount of mortgage with a residual duration of more than 1 year and 5 years is, respectively 2,500 thousand euro and 2,320 thousand euro.

C.III 4.b Loans against insurance policies

	31/12/2017	31/12/2016	Change
	596	1,277	-681

These are loans granted to company Life policyholders.

These loans can be considered to have a duration of more than 5 years. The current interest rate applied to the loans is equal to the rate of return of segregated funds retroceded to policyholders, increased by 2 points spread.

C.III 4.c Other loans

	31/12/2017	31/12/2016	Change
	4,207	3,956	+251

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

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

The amount of loans with a residual duration of more than 1 year and 5 years is, respectively 4,155 thousand euro and 1,961 thousand euro.

C.III 6 Other financial investments

	31/12/2017	31/12/2016	Change
	3,000	2,000	+1,000

The item consists of two deposits at the Bank of the Gran Sasso, allocated for 1,000 thousand euro to the Non-Life business and for 2,000 thousand euro to the Life business.

C.IV Deposits with ceding companies

	31/12/2017	31/12/2016	Change
	149	149	+0

The amount of these deposits relates to the technical reserves for indirect business, due to the inward reinsurance contract for Life business with Generali Italia S.p.A..

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

	31/12/2017	31/12/2016	Change
	76,225	56,349	+19,876

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

	31/12/2017	31/12/2016	Change
	52,199	37,369	+14,830

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

Unit - Linked portfolio		+14,830
- increase due to purchase and subscription of securities		+20,324
- decreases following sales of securities, redemptions and switch		-8,806
- profit/loss on internal fund management		+1,056
- alignment at fair value - write-ups		+347
- cash awaiting receive applications		+1,909

Investments breakdown by asset category belonging to Class D.I are shown in the Annex 11 to these Explanatory Notes.

D.II Investments relating to pension fund management

	31/12/2017	31/12/2016	Change
	24,026	18,980	+5,046

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

- balance of social security management (net collection)		+4,128
- financial management result		+918

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

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

CLASS D bis – REINSURERS' SHARE OF TECHNICAL RESERVES

	31/12/2017	31/12/2016	Change
	63,263	63,481	-218

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

Their breakdown by insurance segment is as follows:

	31/12/2017	31/12/2016	Change
			(€/000)
D Bis. I Non - Life business	57,946	56,003	+ 1,943
<i>Of which:</i>			
Premium reserve	13,403	17,190	- 3,787
Claims reserve	44,543	38,813	+ 5,730
D Bis. II Life business	5,317	7,478	- 2,161
<i>of which:</i>			
Mathematical reserves	2,250	7,446	- 5,196
Reserve for payable amounts	3,036	0	+ 3,036
Other technical reserves	31	32	- 1

The item Other financial reserves for Life business refers to operating expense reserves for Lob IV - Health insurance.

CLASS E – RECEIVABLES

31/12/2017	31/12/2016	Change
245,171	219,882	+25,289

The amount is payable from 2018. This item is shown net of related adjustment provisions.
The changes over the year are detailed as follows:

E.I Receivables relating to direct insurance transaction

	31/12/2017	31/12/2016	Change
	178,623	178,248	+375
<i>Towards:</i>			
E.I.1 Policyholders	57,322	52,209	+5,113
E.I.2 Insurance agents and brokers	87,781	95,772	-7,991
E.I.3 Insurance companies – current accounts	9,407	6,177	+3,230
E.I.4 Policyholders and third parties for recoverables	24,113	24,090	+23

In particular:

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

	31/12/2017	31/12/2016	Change
	57,322	52,209	+5,113
<i>Of which:</i>			
E.I 1.a For current years' premiums	56,046	50,367	+5,679
E.I 1.b For previous years' premiums	1,276	1,842	-566

This item is shown net of related adjustment provisions, which, as at 31 December 2017, totalled 10,065 thousand euro (10,418 thousand euro as at 31 December 2016), related mainly to the Non-Life business, due to write-downs of estimated bad debts based on previous years' experience.

The provision made in the previous year has been in line with the subsequent evidence.

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

	31/12/2017	31/12/2016	Change
	87,781	95,772	-7,991

Amounts receivable from insurance agents and brokers are stated net of the related provision which, as at 31 December 2017, amounted to 16,631 thousand euro (15,978 thousand euro in the previous year), determined based on an analytical assessment of the recoverability and seniority and the implicit risk of the portfolio.

The item was adjusted by 8,793 thousand euro for the non-life business and 7,838 thousand euro for the life business.

The item includes 21,114 thousand euro for the recovery of the portfolio against leaving indemnities paid in the past to intermediaries who have ceased their activities and currently in reimbursement. Of the remaining loans, totaling 66,667 thousand euro, as of 28 February 2018, 911 thousand euro are still to be collected.

In addition, the total amount includes receivables toward subsidiary companies, in particular, Aspevi Firenze S.r.l. and Assiorvieto Servizi S.r.l. for 2,271 thousand euro and toward associated companies Aspevi Roma S.r.l. and Aspevi Milano S.r.l. for 9,019 thousand euro.

The amount of receivables with a residual duration of more than 1 years and 5 year, are respectively 18,925 thousand euro and 11,221 thousand euro.

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

	31/12/2017	31/12/2016	Change
	9,407	6,177	+3,230

This item primarily consists of receivables stemming from current accounts reflecting the results of technical management of co-insurance transactions, net of the related provision which, as at 31 December 2017, amounted to 548 thousand euro (562 thousand euro in the previous year).

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

	31/12/2017	31/12/2016	Change
	24,113	24,090	+23

The item shows amounts receivable from policyholders and third parties for deductibles and claim subrogation, substantially unchanged.

E.II - Receivables relating to reinsurance business

	31/12/2017	31/12/2016	Change
1. Insurance and reinsurance companies	3,045	811	+2,234

This item comprises receivables stemming from current accounts reflecting the results of technical management of reinsurance treaties net of related provision of 1,110 thousand euro , unchanged with respect to the last year, based on expected losses for uncollectible accounts. The increase is mainly due to a single counterpart whose financial regulation has slipped in 2018.

E.III – Other receivables

	31/12/2017	31/12/2016	Change
	63,503	40,824	+22,679

This item is shown net of related adjustment provisions of 4,796 thousand euro (5,041 thousand euro as at 31 December 2016), related entirely to the non-life business.

The most significant items forming “Other receivables” are:

- receivables from Tax Authorities for 57,636 thousand euro for tax credits on mathematical reserves in accordance with D.L. 209/2002, advance payment on Non – Life business (ex D.L. 282/2004), and receivables on local tax (IRPEG and IRES) for which reimbursement has been requested including related interests; these receivables are considered collectable essentially by next year;
- receivables for insurance agreements for 881 thousand euro (1,298 thousand euro as at 31 December 2016);
- advance payments for claims for 639 thousand euro (401 thousand euro as at 31 December 2016);
- receivables from subsidiary companies for 2,492 thousand euro for tax consolidation (2,176 thousand euro as at 31 December 2016).

The amount of receivables with a residual duration of more than 1 and 5 years are, respectively, 135 thousand euro and 83 thousand euro.

CLASS F – OTHER ASSETS

31/12/2017	31/12/2016	Change
163,886	313,019	-149,133

Of which:

F. I Tangible assets and inventory

	31/12/2017	31/12/2016	Change
	6,840	7,574	-734
F. I.1 Office, furniture & machinery, and internal transport systems	5,495	6,511	-1,016
F. I.2 Registered chattels	118	155	-37
F. I.3 Plant and equipment	1,075	897	+178
F. I.4 Inventory and other assets	152	11	+141

Assets related to the item F.I Tangible assets and inventory are stated at cost less cumulative depreciation. The change is due to the purchases during the year for 1,438 thousand euro and amortisation for 2,126 thousand euro and net disposals for 46 thousand euro.

Below, are detailed the items forming this sub-category F. I.1 Office, furniture & machinery, and internal transport systems:

	31/12/2017	31/12/2016	Variazione
Furniture	4,279	5,009	-730
Fittings	858	965	-107
Ordinary office machinery	308	453	-145
Electronic office machinery	50	84	-34
Total	5,495	6,511	-1,016

Operations of financial lease

During the year no operations of financial lease were carried out.

F. II Cash & cash equivalents

	31/12/2017	31/12/2016	Change
	84,422	226,094	-141,672

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

The total amount is composed for 84,415 thousand euro by bank deposits and post office current accounts and for 7 thousand euro by cheques and cash in hand.

The figure for the previous year was significantly increased, as it included the liquidity deriving from the extraordinary sale of bonds in November 2016, which at 31 December 2016 was awaiting to be reinvested.

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

F. IV Other assets

	31/12/2017	31/12/2016	Change
	72,624	79,351	-6,727

The main items forming this item are shown below:

- deferred tax assets relating to previous years' taxable items for 63,601 thousand euro (74,599 thousand euro as at 31 December 2016). For details, reference should be made to the schedule shown later on in the chapter "Information on the balance sheet and income statement";
- sums unavailable on current accounts as a result of foreclosures exercised by third parties to pending cases, amounted to 3,142 thousand euro.

CLASS G – ACCRUED INCOME & PREPAID EXPENSES

	31/12/2017	31/12/2016	Change
	28,149	29,517	-1,368
G.1 Interest	24,603	25,106	-503
G.2 Rent instalments	464	849	-385
G.3 Other accrued income & prepaid expenses	3,082	3,562	-480

G.1 Interest

This refers mainly to interest totalling 21,470 thousand euro on fixed-income securities (23,801 thousand euro as at 31 December 2016).

G.2 Rent instalments

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

G.3 Other accrued income & prepaid expenses

The item refers to prepaid expenses calculated on miscellaneous invoices.

BALANCE SHEET

LIABILITIES

CLASS A – SHAREHOLDERS' EQUITY

	31/12/2017	31/12/2016	Change
	729,530	665,234	+64,296

The outline of changes in shareholders' equity as at 31 December 2017 is shown below, as required by Article 2427 Civil Code:

	(€/000)						
	Share capital	Legal reserve	Share premium	Revaluation reserve	Available reserve	Net profit for the year	Total
Balance as at 31/12/2012	67,379	11,904	33,355	10,939	183,624	57,482	364,683
Dividend distribution	-	-	-	-	-	-11,454	-11,454
Allocation to earnings reserve 2012	-	419	-	-	45,609	-46,028	-
Revaluation real estate reserve	-	-	-	7,256	-	-	7,256
2013 net profit	-	-	-	-	-	62,467	62,467
Balance as at 31/12/2013	67,379	12,323	33,355	18,195	229,233	62,467	422,952
Dividend distribution	-	-	-	-	-	-12,128	-12,128
Allocation to earnings reserve 2013	-	242	-	-	50,097	-50,339	-
Revaluation real estate reserve	-	-	-	-2	-	-	-2
2014 net profit	-	-	-	-	-	74,935	74,935
Balance as at 31/12/2014	67,379	12,565	33,355	18,193	279,330	74,935	485,757
Dividend distribution	-	-	-	-	-	-12,802	-12,802
Allocation to earnings reserve 2014	-	54	-	-	62,079	-62,133	-
2015 net profit	-	-	-	-	-	66,269	66,269
Balance as at 31/12/2015	67,379	12,619	33,355	18,193	341,408	66,269	539,223
Dividend distribution	-	-	-	-	-	-13,476	-13,476
Allocation to earnings reserve 2015	-	9	-	-	52,783	-52,793	-
2016 net profit	-	-	-	-	-	139,487	139,487
Balance as at 31/12/2016	67,379	12,628	33,355	18,193	394,192	139,486	665,234
Dividend distribution	-	-	-	-	-	14,150	-14,150
Allocation to earnings reserve 2016	-	50	-	-	125,288	-125,337	-
2017 net profit	-	-	-	-	-	78,445	78,445
Balance as at 31/12/2017	67,379	12,678	33,355	18,193	519,480	78,445	729,530

As at 31 December 2016 share capital, fully paid in, consisted of no. 67,378,924 ordinary shares of a par value of 1,00 euro each, authorised, issued and fully released.

Revaluation reserves refers to the real estate revaluation carried out in 2008, as required by Article 15, paragraph 20, of the Legislative Decree of 29 November 2008, no. 185 and in 2013 as required by Law no. 147/2013.

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

(€/000)

Nature/Description	Amount as at 31/12/2017	Possibility of utilization (*)	Available amount	Summary of utilisation in the previous 3 financial years	
				to cover losses	for other reasons
Share capital	67,379				
Equity reserves					
Share premium reserves	33,355	A, B, C	33,355		
Revaluation reserves (2)					
Revaluation reserve - Law 147/2013	7,254	A, B, C	7,254		
Revaluation reserve - Law 185/2008	10,939	A, B, C	10,939		
Earnings reserves					
Legal reserve	12,678	B	-		
Other available reserves	519,480	A, B, C	519,480		
Net profit for the year	78,445	A, B, C	78,445		
Total shareholders' equity	729,530		649,473		
Non-distributable portion of share premium reserve (1)			798		
Residual distributable portion			648,675		

(*) A: for capital increases

B: to cover losses

C: for distribution to shareholders

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

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

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

(€/000)

Date of Extraordinary shareholders' resolution	Year of recognition in accounts	As per Visentini Law	Amount
19/5/78	1978	576/75	258
14/5/79	1980	576/75	516
15/4/81	1982	576/75	258
28/6/88	1988	576/75	13
28/6/88	1988	72/83	1,020
28/6/90	1990	72/83	3,099
27/6/08	2008	-	6,370

CLASS C – TECHNICAL RESERVES

31/12/2017	31/12/2016	Change
2,740,577	2,624,694	+115,883

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

C.I – Non-Life business

	31/12/2017	31/12/2016	Change
	1,559,598	1,519,589	+40,009
C.I.1 - Premium reserve	404,550	394,239	+10,311
C.I.2 - Claims reserve	1,147,717	1,118,633	+29,084
C.I.4 - Other technical reserve	409	409	+0
C.I.5 - Equalisation reserve	6,922	6,308	+614

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

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

C.I.1 – Premium reserve

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

	31/12/2017	31/12/2016	Change
For directly insured risks	404,507	394,190	+ 10,317
For inwardly insured risks	43	49	- 6
Gross reserves	404,550	394,239	+ 10,311
Reinsurers' share	13,403	17,190	- 3,787
Net reserves	391,147	377,049	+ 14,098

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

Reserve for unearned premiums and additions to reserve

Line of business	Direct insurance		Indirect insurance		TOTAL
	Reserve for unearned premiums	Unexpired risks reserve	Reserve for unearned premiums	Unexpired risks reserve	
01 - Accident	28,212				28,212
02 - Health	5,174				5,174
03 - Land motor vehicle hulls	44,453				44,453
06 - Marine hulls	323				323
07 - Cargo insurance	632				632
08 - Fire and natural events	32,606				32,606
09 - Miscellaneous damage	16,142	2,288			18,430
10 - Motor TPL	216,094				216,094
11 - Aviation TPL	1				1
12 - Marine TPL	414				414
13 - General TPL	21,492		30		21,521
14 - Credit insurance	2,916	737			3,654
15 - Bond insurance	7,693	2,820	7		10,521
16 - Pecuniary losses	12,494				12,494
17 - Legal protection	1,830				1,830
18 - Support and assistance	8,187		6		8,193
Total premium reserve	398,662	5,845	43	-	404,550

(€/000)

Unexpired risk reserve

Unexpired risk reserve as at 31 December 2017 is referred to 9 Line of business - Miscellaneous damage and to 15 line - Bond insurance has been evaluated in accordance with the ISVAP Regulation n. 22/2008, amended by IVASS Regulatory order no. 53/2016 set out in "Part A - Accounting policies" to this financial report, net of non-repeatable events.

For the assessment of Unexpired risk reserve of the 14 Line of business - Credit is not considered that the empirical method is consistent with the type of portfolio risks Vittoria which is entirely represented by the Salary-Backed Loans with the possibility of recourse.

It was considered, therefore, more appropriate to use a method of estimating the expected losses.

C.1.2 – Claims reserve

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

	31/12/2017	31/12/2016	Change
For directly insured risks	1,146,855	1,117,713	+ 29,142
For inwardly insured risks	862	920	- 58
Gross reserves	1,147,717	1,118,633	+ 29,084
Reinsurers' share	44,232	38,460	+ 5,772
Retrocessionaries' share	310	353	- 43
Net reserves	1,103,175	1,079,820	+ 23,355

Non-Life Business:

The claims reserve for the Motor TPL job (including Third-party liability for watercraft - sea, lake, and river) totalled € 814.7 million.

In continuity with the previous year, in order to achieve an estimate of ultimate cost [for the purposes of reserving] closer to operating reality - which features a variety of cases featuring significant differences in the parameters used to measure the entity of claims - Vittoria Assicurazioni has decided to perform separate analysis of claims occurring before introduction of the knock-for-knock system (KFK for short) (i.e. events before 2007) and after its introduction. For this purpose, it was done a preliminary methodological work to identify actuarial methods that enable it to carry out an accurate estimate of the ultimate-cost reserves with the appropriate level of detail.

Different methods were identified, of a different nature in order to have a more precise monitoring of the evolving dynamics of claims:

- Paid Chain Ladder: this method estimates the amount of future payments, until run-off of generations, constructing – using the historical series available – the triangles of cumulative amounts paid (organised by event) and calculating on the latter the observable development factors. These factors are then applied to cumulative data up to the current balance-sheet year to calculate estimated future payments.
- Incurred Chain Ladder: this method is similar to the previous one, except that the coefficients of development for each year of the event are calculated on the total amount of claims (payments already observed + reserves) in the various financial years. The rates are applied to the data accumulated up to the end of the current financial year, in order to estimate the total amount of future claims.
- Fisher Lange: the method is based on the projection of the number of outstanding claims and the average cost estimate. This method consists to estimate for claim duration the vectors of claims settlement speed, rate of claims with follow-up, average

cost of claims and future inflation trends. These performance measures are evaluated by the analysis of the triangles of run-off in the number of claims paid, reserved, without follow-up and reopened, and the average costs recorded for each generation / policy year.

- Bornhuetter Ferguson – Paid/Incurred: which method makes it possible to average the results obtained from the Chain Ladder methods described above and those of the Expected method Claims Technique. The latter provides an estimate of the total cost of claims starting from the identification of a Loss Ratio priori determined by the Expert judgment of the Company, possibly by reference to market data.

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

For all the businesses, since they have sufficient historical depth, the queuing projection coefficients were estimated separately for each component analysed, in order to show the different developments (the time series were projected using appropriate regression functions).

Other risks:

For General TPL line, verifications on claims reserve (including IBNR) appropriateness have been made with Chain-Ladder method. For the valuation of risks for other businesses, the inventory was used. In addition, observable data were analysed and valued according to historical portfolio series.

IBNR claims:

Calculation of the reserve for IBNR (incurred but not reported) claims requires estimation for each business of both the number and average cost of late claims. The estimate was made using as its source the balance-sheet input forms for the years 2006-2017 taking in consideration possible gaps between prior year allocation and the final amount.

For Motor TPL, the estimate is made separately for each type of management.

C.I.4 - Other technical reserves

	31/12/2017	31/12/2016	Change
	409	409	+0

These reserves refer to direct business and consist of the Health insurance ageing reserve. In order to evaluate this reserve analytical and lump sum criteria were used as described in the “Part A - Accounting Policies” to this financial report.

C.I.5 - Equalisation reserve

	31/12/2017	31/12/2016	Change
	6,922	6,308	+614

The reserves refer solely to direct business and feature the following breakdown by business line, accordance with the provisions contained in Annex n.15 of the Regulations ISVAP n.22 /2008 amended by IVASS Instruction no. 53/2016:

<i>Line of business</i>		<i>31/12/2017</i>	<i>31/12/2016</i>	<i>Change</i>
03	Land vehicle hulls	4,079	3,704	+ 375
05	Aircraft hulls	138	138	-
07	Cargo (goods in transit)	123	118	+ 5
08	Fire and natural elements	1,906	1,742	+ 164
09	Other property damage	676	606	+ 70
Total equalisation reserve		6,922	6,308	+ 614

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

C.II - Life business

	31/12/2017	31/12/2016	Change
	1,180,979	1,105,105	+75,874
C.II.1 - Mathematical reserves	1,150,585	1,072,342	+78,243
C.II.2 - Complementary insurance premium reserve	67	78	-11
C.II.3 - Reserve for payable amounts	24,343	26,328	-1,985
C.II.4 - Profit participation and reversal reserve	63	49	+14
C.II.5 - Other technical reserves	5,921	6,308	-387

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

Changes over the year related to Mathematical reserves (class C.II.1) and to Profit participation and reversal reserve (class C.II.4) are detailed by line and type in Annex n.14 to these Explanatory Notes.

C.II.1 - Mathematical reserves

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

	31/12/2017	31/12/2016	Change
For directly insured risks	1,150,436	1,072,193	78,243
For inwardly insured risks	149	149	0
Gross reserves	1,150,585	1,072,342	78,243
Reinsurers' share	2,250	7,447	-5,197
Net reserves	1,148,335	1,064,895	83,440

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 (paragraph n. 36 to the Annex n. 14 of ISVAP Regulation no. 22/2008) amounting to 1,644 thousand euro (1,746 in the previous year); 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 (paragraph n. 22 to the Annex n. 14 of ISVAP Regulation no. 22/2008) amounting to 500 thousand euro (643 thousand euro in the previous year), obtained by joint analysis of the asset and liability portfolios of the segregated internal funds "Vittoria Rendimento Mensile", "Vittoria Valore Crescente", "Vittoria Previdenza" and "Obiettivo Crescita". The average rates of return on segregated funds were used to assess the additional reserve for the portfolio of non-revaluable policies.

Finally, the mathematical reserves include the additional provisions for time lag (paragraph 23 of Annex 14 to ISVAP Regulation No. 22/2008) of 2,018 thousand euro (15 thousand euro in the previous year) due to a capital gain realized at end of 2017 on the segregated fund "Vittoria Rendimento Mensile" whose profits will be recognized to the insured after the end of the year.

C.II.4 - Profit participation and reversal reserve

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

	31/12/2017	31/12/2016	Change
For directly insured risks	63	49	+ 14
Gross reserves	63	49	+ 14

C.II.5 - Other technical reserves

The amount of this item as at 31 December 2017 is 5,921 thousand euro and refers solely to operating expenses which is expected to incur, based on conservative valuation as required by ISVAP regulation No. 21/2008.

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

	31/12/2017	31/12/2016	Change
For directly insured risks	5,921	6,308	- 387
Gross reserves	5,921	6,308	- 387
Reinsurers' share	31	32	- 1
Net reserves	5,890	6,276	- 386

The following table shows the split by line of business:

			(€/000)
	31/12/2017	31/12/2016	Change
Line of business I	5,465	5,801	-336
Line of business IV	267	237	+ 30
Line of business V	189	270	-81
Total	5,921	6,308	- 387

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

	31/12/2017	31/12/2016	Change
	76,225	56,349	+19,876
D.I – Reserves for unit- and index-linked policies	52,199	37,369	+14,830
D.II - Reserves relating to pension fund management	24,026	18,980	+5,046

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

Below are detailed the key actuarial assumptions concerning technical reserves for direct business as at 31 December 2017:

Risk category	Capital sums, annuities	Technical reserves	Year of issue	Technical basis	
				financial	demographic
Temporary	4,647,513	32,333	1990 - 1997	4%	SIM 81
			1998 - 2001	3% - 4%	SIM 91
			2001 - 2007	3%	SIM 91 al 70%
			2008 - 2011	3%	SI 91 al 50% e 70%
			2012 - 2014	3%	IM 2001 al 90%- 65%
			dal 2015	2%	IM 2001 al 90%- 65%
Adjustable	4	8	1969 - 1979	3%*	SIM 51
Indexed	4	5	1980 - 1988	3%*	SIM 51
Other types	400	12			
Revaluable	1,218,653	1,119,259	1988 - 1989	3%*	SIM 71
			1990 - 1996	4%*	SIM 81
			1997 - 1999	3%*	SIM 91
			2000 - 2011	1,5% - 2%*	SIM 81-91
			2012 - 2014	2%	SIM 2001 al 80%
			2014 - 2015	1%	SIM 2001 al 70%
			dal 2015	0%	SIM 2001 al 70%
L.T.C.	30,425	3,272	2001 - 2004	3%	(1)
			2004 - 2011	3%	(2)
			dal 2012	3%	(3)
Pension fund	24,026	24,026	dal 1999	---	---
Unit Linked	52,469	52,275	1998 - 2014	0%	SIM 91
			dal 2015	0%	SIM 2001
Total ordinary	5,973,494	1,231,190			
AIL revaluable	1,523	1,523	1986 - 1998	4% *	SIM 51
			1999 - 2004	3% *	SIM 81
Total business lines	5,975,017	1,232,713			

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

for indexed policies: 3.0% for adjustable policies: 3.0% for AIL revaluable policies: 2.47%
for revaluable policies: Vittoria Valore Crescente 3.46%; Vittoria Rendimento Mensile 2.51%; Vittoria Previdenza 2.20%; Vittoria Obiettivo Crescita 2.47%.

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

(2) SIM 91 reduced to 60%; mortality rates and LTC rates taken from insurers' studies

(3) SIU 2001 indistinct; mortality rates and incidence rates LTC derived from reinsurers' studies

CLASS E – PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES			
	31/12/2017	31/12/2016	Change
	23,641	21,395	+2,246
E.2 – Tax provision	9,152	11,839	-2,687
E.3 – Other provisions	14,489	9,556	+4,933

E.2 – Tax provision

The change in the item is mainly attributable to the erosion of the provision relating to capital gains realized in 2016 and whose taxation for IRES purposes is paid in installments pursuant to art. 86 of the TUIR.

Changes of this item are also shown to the Annex 15 to these Explanatory Notes.

E.3 – Other provisions

The change in the item compared to the previous year is mainly attributable to provisions for litigations in progress, to provisions for refunds of premiums and provisions for marketing operations for customer loyalty purposes.

CLASS F – DEPOSITS RECEIVED FROM REINSURERS			
	31/12/2017	31/12/2016	Change
	6,418	12,933	-6,515

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

CLASS G – PAYABLES AND OTHER LIABILITIES

	31/12/2017	31/12/2016	Change
	111,548	110,974	+574
G.I - Payables arising from direct insurance business	9,129	8,454	+675
G.II - Payables arising from reinsurance business	8,676	7,504	+1,172
G.VII - Reserve for employee severance indemnities	2,876	2,905	-29
G.VIII – Other payables	61,440	65,198	-3,758
G.IX – Other liabilities	29,427	26,913	+2,514

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

G.I - Payables arising from direct insurance business

	31/12/2017	31/12/2016	Change
	9,129	8,454	+675
<i>Of which:</i>			
G.I.1 – due to insurance agents and brokers	4,855	5,029	-174
G.I.2 – due to current accounts with other insurers	2,671	2,067	+604
G.I.3 – due to policyholders for performance deposits and premiums	1,143	1,118	+25
G.I.4 – due to guarantee funds for policyholders	460	240	+220

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

	31/12/2017	31/12/2016	Change
	4,855	5,029	-174

These amounts refer to balances not yet settled as at 31 December 2017 and to indemnities payable at the end of agency mandates.

The item is allocated as follows: 4,002 thousand euro to the Non-Life business and 853 thousand euro to the Life business.

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

	31/12/2017	31/12/2016	Change
	2,671	2,067	+604

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

The item is allocated as follows: 2,562 thousand euro to the Non-Life business and 109 thousand euro to the Life business.

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

	31/12/2017	31/12/2016	Change
	1,143	1,118	+25

The item refers to the performance deposits paid by policyholders for insurance coverage. The item is allocated as follows: 632 thousand euro to the Non-Life business and 511 thousand euro to the Life business.

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

	31/12/2017	31/12/2016	Change
	460	240	+220

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

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

	31/12/2017	31/12/2016	Change
	8,676	7,504	+1,172

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

The item is allocated as follows: 7,482 to the Non-Life business and 1.194 thousand euro to the Life business.

G.VII Reserve for employee severance indemnities

	31/12/2017	31/12/2016	Change
	2,876	2,905	-29

The item expresses the retirement allowance provision towards personnel as at 31 December 2017, in compliance with the Italian Civil Code.

The item is allocated as follows: 2,640 to the Non-Life business and 236 thousand euro to the Life business.

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

- decrease due to indemnities paid out for severance and to advance payouts granted for 677 thousand euro;
- increase due to provisioning for the year for 2,437 thousand euro;
- transfers to Pension Fund and Social Security fund for 2,386 thousand euro;
- recover of receivables toward Social Security fund for 597 thousand euro.

The payables in question must be taken to have a residual duration of more than 5 years.

G.VIII - Other payables

	31/12/2017	31/12/2016	Change
	61,440	65,198	-3,758
<i>Of which:</i>			
G.VIII.1 – for policyholders' taxes	24,047	23,638	+409
G.VIII.2 – for miscellaneous taxes	2,740	6,711	-3,971
G.VIII.3 – for social security & pension agencies	3,194	2,798	+396
G.VIII.4 – other sundry payables	31,459	32,051	-592

G.VIII.1 Other payables for policyholders' taxes

	31/12/2017	31/12/2016	Change
	24,047	23,638	+409

The item mainly includes amounts due from the tax authorities for taxes on insurance for premiums written, net of the advance instalments paid during the year, and the amounts due for the contribution to the National Health Service and for other tax charges payable by the policyholders.

The item is allocated as follows: 23,858 thousand euro to the Non-Life business, and 189 thousand euro to the Life business.

G.VIII.2 Other payables for miscellaneous taxes

	31/12/2017	31/12/2016	Change
	2,740	6,711	-3,971

The item is allocated as follows: 2,393 to the Non-Life business and 347 thousand euro to the Life business.

The amount as at 31 December 2017 is mainly composed as follows:

- tax deduction on wages & salaries for 1,633 thousand euro (1,675 thousand euro as at 31 December 2016);
- tax deduction on fees for self-employed staff and advisors for 726 thousand euro (698 thousand euro as at 31 December 2016);
- payables for Group V.A.T. for 167 thousand euro (378 thousand euro as at 31 December 2016);
- tax deduction related to policies redemptions in life business for 213 thousand euro (278 thousand euro as at 31 December 2016).

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

	31/12/2017	31/12/2016	Change
	3,194	2,798	+396

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

G.VIII.4 Other sundry payables

	31/12/2017	31/12/2016	Change
	31,459	32,051	-592

The item is allocated as follows: 28,975 to the Non-Life business, and 2,484 thousand euro to the Life business.

The amount as at 31 December 2017 is mainly composed as follows:

- amounts payable to employees for payments settled in January 2018 for 76 thousand euro and accruals for holidays not taken for 3,445 thousand euro (2,794 thousand euro as at 31 December 2016);
- payables arising from directors, statutory auditors and managers with strategic responsibilities for 2,566 thousand euro (2,565 thousand euro as at 31 December 2016);
- trade payables for 8,949 thousand euro (9,972 thousand euro as at 31 December 2016);
- fees payable to professionals for 6,876 thousand euro (6,263 thousand euro as at 31 December 2016);
- amounts payable to subsidiaries for tax consolidation for 3,118 thousand euro (5,890 thousand euro as at 31 December 2016).

G.IX – Other liabilities

	31/12/2017	31/12/2016	Change
	29,427	26,913	+2,514
<i>Of which:</i>			
G.IX.2 – commissions on premiums under collection	15,071	13,292	+1,779
G.IX.3 – other liabilities	14,356	13,621	+735

G.IX.2 Commissions on premiums under collection

This item is relative to the provision for agent payable commissions on premiums that were in the process of collection at year-end for 10,201 thousand euro (9,349 thousand euro as at 31 December 2016).

G.IX.3 Other liabilities

This item is mainly relative to the following components:

- invoices and notes to be received from suppliers for 4,481 thousand euro (5,679 thousand euro as at 31 December 2016);
- technical accounts to be settled with agencies and sundry liabilities for 370 thousand euro (744 thousand euro as at 31 December 2016);
- provision for variable compensation for employees for 6,734 thousand euro (6,652 thousand euro as at 31 December 2016).

CLASS H – ACCRUED LIABILITIES & DEFERRED INCOME

	31/12/2017	31/12/2016	Change
	28	14	+14
H.3 – Other accrued liabilities & deferred income	28	14	+14

This item mainly includes accrued expenses for agency expenses.

INCOME STATEMENT

I.10 - RESULT OF NON-LIFE BUSINESS TECHNICAL ACCOUNT			
	31/12/2017	31/12/2016	Change
	112,144	130,627	-18,483

Summary information concerning to Non-life business technical account are shown in Annexes 19, 25 and 26 to these Explanatory Notes.

Technical costs and revenues are classified as follows:

I. 1 – Premiums, net of outwards reinsurance

	31/12/2017	31/12/2016	Change
	1,097,347	1,049,075	+48,272
<i>Of which:</i>			
a) Gross premiums written	1,148,174	1,081,262	+66,912
b) (-) Ceded premiums	36,729	31,574	+5,155
c) (-) Change in gross premium reserve	10,311	365	+9,946
d) Change in reinsurers' share of premium reserve	-3,787	-249	-3,538

The Company develops its business entirely in Italy. The Company operates in France on the basis of the free-provision-of-services regime.

The gross premiums written amounted to 1,148,174 thousand euro, of which 1,148,072 thousand euro relating to direct business and for 101 thousand euro relating to indirect business. Premiums ceded in the FY2017 totalled 36,729 thousand euro.

The breakdown of premiums by business has been indicated in the Directors' Report.

I. 2 – (+) Portion of investment income transferred from non-technical account

	31/12/2017	31/12/2016	Change
	0	13,974	-13,974

The amount to be transferred from the non-technical account to the technical account of the Non-Life business was determined in accordance with ISVAP Regulation no. 22/2008, as indicated in "Part A – Valuation Criteria" of the Explanatory Notes.

I. 3 – Other technical income, net of outwards reinsurance

	31/12/2017	31/12/2016	Change
	6,652	5,986	+666

This item is mainly referred to:

- reversal of commissions for previous years' cancelled premiums for 1,424 thousand euro (1,397 thousand euro in the previous year);
- 778 thousand euro for other technical items mainly relating to recoveries of settlement costs related to claims subject to CARD agreements (780 thousand euro in the previous year);
- 923 thousand euro related to recoveries of receivables for premiums under litigation (942 thousand euro in the previous year);
- 3,276 thousand euro incentives awarded to the Company as part of the CARD claims management.

I. 4 – Charges relating to claims, net of recoveries and outwards reinsurance

	31/12/2017	31/12/2016	Change
	714,894	678,025	+36,869
<i>Of which:</i>			
aa) Amounts paid – gross amount	742,335	660,029	+82,306
bb) (-) Reinsurers' share	33,745	20,142	+13,603
aa) Change in recoveries net of reinsurers' share			
– gross amount	16,958	12,258	+4,700
bb) (-) Reinsurers' share	-93	-929	+836
aa) Change in claims reserve – gross amount	29,129	50,545	-21,416
bb) (-) Reinsurers' share	5,773	-780	+6,553

Amounts paid

They relate to indemnities for 659,620 thousand euro (569,012 thousand euro in the previous year), direct expenses for 13,546 thousand euro (13,377 thousand euro in the previous year), settlement costs for partial or definitive payments of claims reported during the year or reserved at the end of the previous year for 69,112 thousand euro (62,297 thousand euro in the previous year) and the amount payable to CONSAP for the contribution to the fund for road-accident victims for 15,845 thousand euro (15,320 thousand euro in the previous year). The item includes indemnities to indirect business for 57 thousand euro (23 thousand euro in the previous year).

Change in recoveries net of reinsurers' share

This is the balance between amounts to be recovered from policyholders and third parties for deductibles, subrogation and remedying of claims at the previous year-end, the amounts recovered during the year and amounts yet to be recovered at year-end.

Change in claims reserve

The item includes estimated indemnities, direct and settlement costs to be paid in future years for claims reported during the current and previous years and not yet settled as at 31 December.

I. 7 – Operating costs

	31/12/2017	31/12/2016	Change
	265,179	247,376	+17,803
<i>Of which:</i>			
a) Acquisition commissions	176,877	160,873	+16,004
b) Other acquisition costs	49,697	45,122	+4,575
c) Change in commissions and other acquisition costs to be amortised	0	0	+0
d) Premium collection commissions	10,818	10,113	+705
e) Other administrative expenses	33,274	35,722	-2,448
f) (-) Commissions received by reinsurers	5,489	4,452	+1,037

They relate to purchase and collection commissions proportional to premiums written, incentives accrued by brokers and agents and common costs incurred for the sales network. The item also includes overheads and depreciation of tangible assets not allocated to claims settlement and investments.

The amount related to transactions with subsidiaries and associated companies is provided in the Directors' Report.

I.8 - Other technical charges, net of outwards reinsurance

	31/12/2017	31/12/2016	Change
	11,168	12,439	-1,271

The item includes items relating to:

- technical write-offs of premiums and of uncollectible premiums for 3,906 thousand euro (4,685 thousand euro in the previous year);
- charge to the provision for bad debt from policyholders for 4,610 thousand euro (4,375 thousand euro in the previous year);
- other technical charges mainly relating to services supporting insurance covers and costs for premiums under litigation for 1,703 thousand euro (1,891 thousand euro in the previous year).

I.9 - Change in equalisation reserves

	31/12/2017	31/12/2016	Change
	614	567	+47

The change detailed for line of business is shown in the item C.I.5 in the Balance Sheet.

II.13 - RESULT OF LIFE BUSINESS TECHNICAL ACCOUNT

31/12/2017	31/12/2016	Change
2,193	-463	+2,656

Summary information concerning to life business technical account are shown in Annexes 20, 27 and 28 to these Explanatory Notes.

Technical costs and revenues are classified as follows:

II. 1 – Premiums, net of outwards reinsurance

	31/12/2017	31/12/2016	Change
	189,987	188,287	+1,700
<i>Of which:</i>			
a) Gross premiums written	191,144	189,469	+1,675
b) (-) Ceded premiums	1,157	1,182	-25

The gross premiums written amounted to 191,144 thousand euro, entirely attributable to direct business. Premiums ceded in the FY2017 totalled 1,157 thousand euro.

A premiums breakdown by line of business is shown in the Directors' report.

II. 2 – Investments income

	31/12/2017	31/12/2016	Change
	47,569	44,528	+3,041
<i>Of which:</i>			
a) Income from equity investments	0	0	+0
b) Income from other investments	47,544	43,880	+3,664
c) Write-backs on investments	0	0	+0
d) Profits made on sale of investments	25	648	-623

b) The item includes:

- Income on land and buildings rented and other income on property for 2,768 thousand euro (2,806 thousand euro in the previous year);
- income on fixed-income securities for interest, issue and trading differentials for 38,243 thousand euro (39,956 thousand euro in the previous year);
- income on unit trust units for 6,503 thousand euro (1,059 thousand euro in the previous year).

d) The item refers to capital gains arising from fixed-income securities' reimbursement and sale.

Investment income are detailed in Annex 21 to these Explanatory Notes, which also report non-technical account data relating to Non-Life business investment.

II. 3 - Income and unrealised capital gains relating to investments benefiting policyholders bearing the risk and investments relating to pension fund management

	31/12/2017	31/12/2016	Change
	4,485	2,887	+1,598

The increase is due to the performance of the financial markets which reflect the adjustment to the market value of investments.

A breakdown of unrealised gains relating to investments benefiting policyholders bearing the risk is shown in Annex 22 to these Explanatory Notes.

II.4 - Other technical income, net of outwards reinsurance

	31/12/2017	31/12/2016	Change
	588	738	-150

The item includes commissions relating to first-year premiums cancelled and commissions retroceded by financial managers in relation to investments of unit-linked premiums and pension funds.

II.5 - Charges relating to claims, net of outwards reinsurance

	31/12/2017	31/12/2016	Change
	108,059	137,841	-29,782
<i>Of which:</i>			
aa) Amounts paid – gross amount	117,690	140,283	-22,593
bb) (-) Reinsurers' share	4,607	455	+4,152
aa) Change in reserve for payable amounts – gross amount	-1,987	-1,987	+0
bb) (-) Reinsurers' share	3,037	0	+3,037

The amounts paid in the FY2017 totalled 117,690 thousand euro mainly due to direct business. They refer to costs relating to claims for 887 thousand euro (1,123 thousand euro in the previous year), claims for 22,749 thousand euro (17,386 thousand euro in the previous year), expired policies for 50,333 thousand euro (73,862 thousand euro in the previous year), surrenders for 43,223 thousand euro (47,411 thousand euro in the previous year) and annuities for 498 thousand euro (496 thousand euro in the previous year).

II.6 - Change in mathematical reserves and other technical reserves, net of outwards reinsurance

	31/12/2017	31/12/2016	Change
	97,586	61,260	+36,326
<i>Of which:</i>			
aa) Mathematical reserves – gross amount	72,908	64,895	+8,013
bb) (-) Reinsurers' share	-5,197	481	-5,678
aa) Complementary insurance premium reserve – gross amount	-11	-12	+1
aa) Other technical reserves – gross amount	-386	-853	+467
bb) (-) Reinsurers' share	-1	0	-1
aa) Technical reserves when investment risk is borne by policyholders or relating to pension fund management	+19,877	-2,288	+22,165

This refers to the change in technical reserves; for further information about evaluation and accounting method, please refer to the chapter "Part A - Accounting Policies" to these Explanatory Notes.

II.7 - Reversals and profit participation, net of outwards reinsurance

	31/12/2017	31/12/2016	Change
	15	22	-7

This item comprises amounts paid in the year for profit participation, as well as the change in the related reserve. The amount is solely referred to direct business.

II.8 – Operating costs

	31/12/2017	31/12/2016	Change
	15,626	17,309	-1,683
<i>Of which:</i>			
a) Acquisition commissions	5,620	4,808	812
b) Other acquisition costs	4,683	5,360	-677
c) Change in commissions and other acquisition costs to be amortised	-360	-86	-274
d) Premium collection commissions	726	764	-38
e) Other administrative expenses	5,155	6,627	-1,472
f) (-) Commissions received by reinsurers	197	165	+32

They relate to purchase and collection commissions proportional to premiums written, incentives accrued by brokers and agents and common costs incurred for the sales network. The item also includes overheads and depreciation of tangible assets not allocated to investment-related costs.

II.9 - Capital and financial charges

	31/12/2017	31/12/2016	Change
	13,484	14,269	-785
<i>Of which:</i>			
a) Investment management costs and interest expense	10,670	10,171	+499
b) Investment write-downs	2,499	3,917	-1,418
c) Losses on sale of investments	315	180	+135

a) The item mainly refers to:

- costs relating to municipal tax on property (IMU) charging 426 thousand euro to 2017 profit and loss (403 thousand euro in the previous year);
- housing expenses, taxes and building management costs for 568 thousand euro (688 thousand euro in the previous year);
- costs relating to fixed-income securities for issue and trading differentials, taxes, and operating and personnel expenses for 9,676 thousand euro (9,081 thousand euro in the previous year);

b) The item refers to write-downs of financial instruments refers to amortization on property totaling 2,497 thousand euro (2,485 thousand euro in the previous year) of which 846 thousand euro (835 thousand euro in the previous year) relating to the head office in Portello area in Milan.

Annex 23 to these Explanatory Notes reports details relating to Capital and financial charges on Life investments.

II.10 – Capital and financial charges and unrealised capital losses relating to investments benefiting policyholders bearing the risk and to investments connected with pension fund management

	31/12/2017	31/12/2016	Change
	2,069	3,074	-1,005

Details of charges and unrealised capital losses relating to the above types of investments are provided in Annex 24 to these Explanatory Notes.

II.11 - Other technical charges, net of outwards reinsurance

	31/12/2017	31/12/2016	Change
	821	562	+259

The item refers, as well as to allocations to the provision for bad debt toward policyholders also to fees payable by the company, relegated to sales channels, regarding internal funds linked to unit-linked policies and to the open pension fund called “Vittoria Formula Lavoro” for 101 thousand euro (129 thousand euro in the previous year) and to legal expenses to request repayment premiums of 58 thousand euro.

II.12 – (-) Income on investments transferred to non-technical account

	31/12/2017	31/12/2016	Change
	2,776	2,565	+211

The amount to be transferred from the non-technical account to the technical account of the non-life business was determined in accordance with ISVAP Regulation no. 22/2008, as indicated in “Part A – Valuation Criteria” of the Explanatory Notes.

RESULT OF NON-TECHNICAL ACCOUNT

31/12/2017	31/12/2016	Change
-1,999	70,007	-72,006

Non-technical costs and revenues are classified as follows:

III. 3 – Income from Non-Life investments

	31/12/2017	31/12/2016	Change
	30,213	51,746	-21,533
<i>Of which:</i>			
a) Income from equity investments	1,799	496	+1,303
b) Income from other investments	28,148	39,625	-11,477
c) Adjustments to investment values	0	7,257	-7,257
d) Profits made on sale of investments	266	4,368	-4,102

- a) This item includes the dividend collected by the other subsidiaries.
- b) The item consists of the following items:
 - land and buildings amounting to 3,205 thousand euro (3,154 thousand euro in the previous year), relating to rental and to expenses recover and other income;
 - other investments amounting to 24,943 thousand euro (36,471 thousand euro in the previous year), of which 18,720 thousand euro relating to income on fixed-income securities for interest, issue and trading differentials and for 5,663 thousand euro relating to income on UCITs
- d) Profit on sale of investments refers to capital gains on repayment and sale of bonds and other fixed-interest securities.

The change with respect to the previous year is a direct consequence of the strategy to diversify the bond portfolio started in the previous year which led to the extraordinary sale of bonds in November 2016. The decrease therefore takes into account market conditions and returns on bonds.

Furthermore, the result for the previous year included a write-back for the alignment to equity on the investment in Nuove Partecipazioni S.p.A. equal to 7,257 thousand euro.

Annex 21 to these Explanatory Notes reports details relating to Income from Life and Non-Life investments.

III.4 - (+) Income on investments transferred from Life business technical account

31/12/2017	31/12/2016	Change
2,776	2,565	+211

Please refer to information reported in Life technical account chapter.

III.5 - Capital and financial charges of Non-Life business

	31/12/2017	31/12/2016	Change
	32,793	32,876	-83
<i>Of which:</i>			
a) Investment management costs and interest expense	20,995	9,848	+11,147
b) Investment write-downs	11,057	14,466	-3,409
c) Loss on sale of investments	742	8,561	-7,819

a) The item mainly includes:

- costs for fixed-income securities relating to issue and trading differentials, taxes, and operating and personnel expenses amounting to 17,365 thousand euro (7,137 thousand euro in the previous year);
- housing expenses, taxes and building management costs for 2,149 thousand euro (1,541 thousand euro in the previous year);
- costs relating to municipal tax on property (IMU) charging 902 thousand euro to 2017 profit and loss (859 thousand euro in the previous year);
- interest on deposits from reinsurers for 84 thousand euro (110 thousand euro in the previous year).

b) The item refers to write-downs of financial instruments, like indicated in the Management report, and it is mainly related for:

- 471 thousand euro relating to the investment in associate Touring Vacanze S.r.l. for alignment to company's equity;
- Impairments of bonds for 2,312 thousand euro;
- Impairments of the Fondo Atlante for 2.766 thousands of euros.

Amortization of buildings for a total of 5,219 thousand euros is included in the item, of which 2,818 thousand euro related to the headquarters in the Portello area of Milan.

c) The item refers to the losses resulting from fixed-income securities' reimbursement and alienation.

Annex 23 to these Explanatory Notes reports details relating to Capital and financial charges of Life and Non-Life investments.

III.6 - (-) Investment income transferred to the Non-Life business technical account

	31/12/2017	31/12/2016	Change
	0	13,974	-13,974

Please refer to information reported in Non-Life technical account chapter.

III.7 - Other income

	31/12/2017	31/12/2016	Change
	2,636	2,840	-204

This item includes income other than that on investments, such as that relating to the general balance-sheet classes E - Receivables and F - Other assets.

As at 31 December 2017, the item is mainly includes:

- interest on bank current account for 102 thousand euro (68 thousand euro in the previous year);
- revenues from active billing and reimbursements for 805 thousand euro (895 thousand euro in the previous year);
- withdrawals from the provision for doubtful receivables for 733 thousand euro (911 thousand euro in the previous year).

III.8 - Other charges

	31/12/2017	31/12/2016	Change
	12,498	11,781	+717

As at 31 December 2017, the items mainly includes:

- interest and charges on bank accounts for 558 thousand euro (642 thousand euro in the previous year);
- annual amortisation of intangible assets for 3,943 thousand euro (6,048 thousand euro in the previous year);
- 5,858 thousand euro provisioning for contingencies and other charges related to litigations in progress, refund of premiums, and marketing operation for customer loyalty;
- provisions for 1,176 thousand euro relating to bad debts.

The change of the voice with respect to the previous year is mainly attributed to provisions for legal cases in progress, such provisions for refunds of premiums and provisions for reward operation for the purposes of customer loyalty.

III.10 - Extraordinary income

	31/12/2017	31/12/2016	Change
	8,171	71,824	-63,653

This item contains income from sale of long-term investments and other profits made on the sale of assets classified in the general balance-sheet Class F - Other assets.

The decrease is mainly attributed to the extraordinary sale of Italian government bonds occurred in the previous financial year; this operation is widely illustrated in the Directors' report.

Their main breakdown is shown below:

- extraordinary income for 5,847 thousand euro allocated for 5,807 thousand euro to the Non-Life business and for 40 thousand euro to the life business, are mainly attributable to lower IRES taxes for previous years, as a result of specific ruling exposed to Italian Tax Authorities which it ended successfully.
- extraordinary capital gain on bonds for 1,688 thousand euro allocated to the Life business;
- extraordinary capital gain on mutual funds for 508 thousand euro.

III.11 - Extraordinary charges

	31/12/2017	31/12/2016	Change
	504	337	+167

This item refers to charges due to sale of long-term investments and other losses arising from the sale of assets classified in the general balance-sheet Class F - Other assets, and mainly refers to incidental costs and charges amounting to 384 thousand euro (285thousand euro in the previous year).

III.14 - Taxation

	31/12/2017	31/12/2016	Change
	33,893	60,686	-26,793

Current taxes set aside relate to the IRES and IRAP estimate for the current year, which was calculated in accordance with current tax rules.

Reconciliation between the tax charge recognised in the financial statements and theoretical tax charge is shown below:

Reconciliation between the tax charge recognised in the financial statements and theoretical tax charge

	Taxable base		Tax		Tax rate	
	IRES	IRAP	actual	theoretical	actual theoretical	
(€/000)						
IRES						
Profit before taxation	112,338			26,961		24.00%
+ Temporary differences deductible in future years	33,225					
- Temporary differences taxable in future years	1,688					
+ Use of temporary differences	-62,602					
Permanent differences:						
+ Non-deductible interest and taxes	1,273					
+ Non-deductible accruals, costs and expenses	2,989					
+ Investment Portfolio	290					
- Tax-exempt income and Dividends	1,709					
+ Other deductible items	-9,460					
Taxable base	74,656					
A. Current IRES			17,917			15.95%
IRAP						
Profit before taxation		112,338		7,661		6.82%
- Profit & Loss items not taxable/deductible for IRAP purpose		-2,000				
Life insurance business profit & loss + Non-life insurance business profit & loss		114,338				
+ Permanent taxable differences		60,490				
- Permanent deductible differences		57,097				
Theoretical taxable base		117,731				
+(Increase - Decrease) of temporary differences		-2,131				
Taxable base		115,600				
B. Current IRAP			7,884			7.02%
C=(A+B) Total current Tax relating to 2017			25,801			22.97% 30.82%
Deferred tax assets						
Taxable base for deferred tax assets of the previous year	302,761	25,261				
(Increase - Decrease) in deferred tax assets during the current year	-44,201	-2,507				
Taxable base for deferred tax assets of the current year	258,560	25,261				
Deferred IRES assets on (Increase - Decrease)				-10,608		
Deferred IRAP assets on (Increase - Decrease)				-171		
D. Total deferred tax assets relating to 2017			-10,779			-9.60%
Deferred tax liabilities						
Taxable base for provision for deferred tax liabilities of the previous year	49,328					
(Increase - Decrease) in the provision for deferred tax liabilities during the current year	-11,197					
Taxable base for provision for deferred tax liabilities of the current year	38,131					
Deferred IRES liabilities on (Increase - Decrease)				-2,687		
Deferred IRAP liabilities on (Increase - Decrease)				0		
E. Total deferred tax liabilities relating to 2017			-2,687			-2.39%
Total IRES relating to 2017			25,838			23.00%
Total IRAP relating to 2017			8,055			7.17%
F= (C-D+E) Total tax relating to 2017			33,893	34,622		30.17% 30.82%

The above schedule compares taxes related to local financial statements, apart from variances due to tax rules application in determining IRES and IRAP amounts with taxes related to tax rules compliance.

Schedules of deferred taxes pursuant to article 2427 of the civil code, are described in the tables below.

These were calculated by applying to such temporary differences the nominal rates in force at the time when they will appear, already approved at the date of these financial statements.

Detail and movement of deferred tax **assets**:

**SCHEDULE OF DEFERRED TAXES PURSUANT TO
ARTICLE 2427 OF THE CIVIL CODE**

(€/000)

Description of temporary difference	IRES		IRAP		IRES+IRAP Tax
	taxable base	tax rate	taxable base	tax rate	
2016 deffered tax assets					
Depreciattion of tangible assets	2,361		376		592
Recoveries	345				83
Charge backs non -life	1,810				434
Financial non current assets devaluation	1,623				390
Provision for doubtful receivables from policy holders	40,946		22,635		11,371
Provision for doubtful other receivables	13,326				3,193
Provision for risk and charges	13,882				3,332
Directors' fess	419				101
Goodwill (Sace - life)	2,250		2,250		693
Depreciattion of intangible assets	599				144
Change in life technical reserves	4,963				1,191
Change in non -life claims reserves (ex dcr. 209/2002)	219,485				52,676
Revenues not accounted	752				180
	302,761	24.00%	25,261	6.82%	74,380
2017 decrease in deferred tax assets					
Depreciattion of tangible assets	1,734		376		442
Recoveries	272				65
Charge backs non -life	1,200				288
Financial non current assets devaluation	1,228				295
Provision for doubtful receivables from policy holders	3,447		1,906		957
Provision for doubtful other receivables	760				182
Provision for risk and charges	7,702				1,848
Directors' fess	418				100
Goodwill (Sace - life)	225		225		69
Depreciattion of intangible assets	238				57
Change in non -life claims reserves (ex dcr. 209/2002)	59,514				14,283
Revenues not accounted	268				64
Dividend to be cashed					
	77,006	24.00%	2,507	6.82%	18,653

Detail and movement of deferred tax **assets** (follow):

					(€/000)
Description of temporary difference	IRES		IRAP		IRES+IRAP Tax
	taxable base	tax rate	taxable base	tax rate	
2017 increase in deferred tax assets					
Depreciation of tangible assets	101				24
Recoveries	14				3
Charge backs non -life	1,052				253
Provision for doubtful other receivables	1,176				282
Provision for risk and charges	15,049				3,612
Directors' fess	1,250				300
Change in non -life claims reserves (ex dcr. 209/2002)	14,013				3,363
Dividend to be cashed	150				36
	32,805	24.00%	0	6.82%	7,873
2017 deferred tax assets					
Depreciation of tangible assets	727				175
Recoveries	86				21
Charge backs non -life	1,662				399
Financial non current assets devaluation	395				95
Provision for doubtful receivables from policy holders	37,499		20,729		10,413
Provision for doubtful other receivables	13,742				3,293
Provision for risk and charges	21,230				5,095
Directors' fess	1,252				300
Goodwill (Sace - life)	2,025		2,025		624
Depreciation of intangible assets	361				87
Change in life technical reserves	4,963				1,191
Change in non -life claims reserves (ex dcr. 209/2002)	173,984				41,756
Revenues not accounted	484				116
Dividend to be cashed	150				36
	258,560	24.00%	22,754	6.82%	63,601

Detail and movement of deferred tax **liabilities**:

SCHEDULE OF DEFERRED TAXES PURSUANT TO
ARTICLE 2427 OF THE CIVIL CODE

					(€/000)
Description of temporary difference	IRES		IRAP		IRES+IRAP tax
	taxable base	tax rate	taxable base	tax rate	
2016 deferred tax liabilities					
Division by instalments of realised gains on Investment portfolio	49,328		-		11,839
	49,328	24.00%	-	6.82%	11,839
2017 decrease in deferred tax liabilities					
Division by instalments of realised gains on Investment portfolio	12,548		-		3,011
	12,548	24.00%	-	6.82%	3,011
2017 increase in deferred tax liabilities					
Division by instalments of realised gains on Investment portfolio	1,351		-		324
	1,351	24.00%	-	6.82%	324
2017 deferred tax liabilities					
Division by instalments of realised gains on Investment portfolio	38,131		-		9,152
	38,131	24.00%	-	6.82%	9,152

Part C

Other information

Assets allocated to coverage of technical reserves

Non-Life Business

	(€ million)
	31/12/2017
Technical Reserves (A)	1,440.0
Securities issued or secured by Governments	757.5
Bonds or other similar securities	118.4
Shares traded in a regulated market	11.6
Shares not traded in a regulated market	19.8
Real Estate	284.6
Closed-end mutual fund shares are not traded on a regulated market, reserved funds and hedge funds	91.1
Receivables	107.0
Bank accounts	50.0
Total Assets Allocated (B)	1,440.0
% of coverage (B/A)	100.0%

Life Business

	(€ million)
	31/12/2017
Technical Reserves (A)	1,201.4
Securities issued or secured by Governments	894.0
Bonds or other similar securities	95.3
Quote di OICVM	12.0
Shares not traded in a regulated market	16.2
Quote di OICR azionari	19.5
Real Estate	77.2
Closed-end mutual fund shares are not traded on a regulated market, reserved funds and hedge funds	73.6
Receivables	8.5
Bank accounts	5.1
Total Assets Allocated (B)	1,201.4
% of coverage (B/A)	100.0%

	(€ million)
	31/12/2017
Technical Reserves when investment risk is borne by policyholders	67.7
Total Assets Allocated	76.2

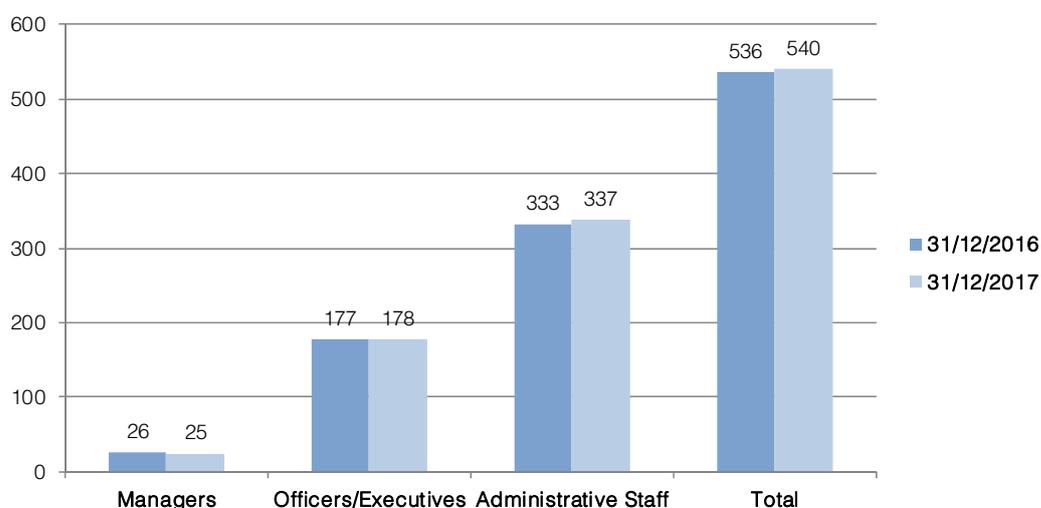
Finance expense allocated to balance sheet assets

Pursuant to the first paragraph, point 8, of Article 2427 of the Italian Civil Code, we declare that no finance expense was capitalised in the year in amounts posted in balance sheet assets.

Employees

The cost of salaries, related social security charges, severance indemnity provisioning, and of miscellaneous personnel-related expenses are shown in Annex 32.

Employees on the payroll as at 31 December 2017 numbered 543 heads (542 heads to 31 December 2016). The average number of employees on the payroll during the year, by category and calculated according to in-force presence, was as follows:



Disclosure of auditing fees

As required by Article 149/12 of CONSOB Regulation 11971 of 14 May 1999, below we report the fees relating to FY2017, net of VAT, for services rendered to the Company by the auditing company Deloitte & Touche S.p.A. – and by entities forming part of its network.

Type of services rendered	Auditing company	Entities forming part of its network
Independent audit services	227	-
Independent audit services subsidiaries	156	-
Verifications for issue of attestations*	56	-
Other services**	155	-

* related to segregated funds, unit linked and pension fund.

** related to balance sheet SII audit, agreed procedures on capital requirement and to activities relating to Non-Financial Statement.

Breakdown of direct insurance premiums by business category and geographical area

The breakdown of the company's premiums – all referring to the Italian portfolio - by official Ministerial business line is shown in Annexes 19 and 20.

The following table shows the geographical breakdown of premiums, calculated on the basis of agency locations.

Regions	(€/000)				
	Agencies	Non-Life Business		Life Business	
		Premiums	%	Premiums	%
NORTH					
Emilia Romagna	35	91,549		13,143	
Friuli Venezia Giulia	8	11,033		934	
Liguria	16	44,459		5,364	
Lombardy	106	233,491		70,862	
Piedmont	52	95,799		8,933	
Trentino Alto Adige	9	12,245		1,454	
Valle d'Aosta	1	4,431		309	
Veneto	41	67,479		13,079	
Total	268	560,486	48.8	114,078	59.7
CENTRE					
Abruzzo	12	54,292		5,567	
Lazio	29	112,278		18,953	
Marche	18	40,411		4,902	
Tuscany	51	125,964		10,742	
Umbria	15	54,264		8,356	
Total	125	387,209	33.7	48,520	25.4
SOUTH AND ISLANDS					
Basilicata	4	10,716		1,056	
Calabria	2	3,270		35	
Campania	13	43,616		3,399	
Molise	2	6,403		415	
Puglia	6	28,632		18,052	
Sardinia	11	43,314		1,088	
Sicily	13	64,300		4,501	
Total	51	200,251	17.4	28,546	14.9
Total ITALY	444	1,147,946	100.0	191,144	100.0
France	0	126	0.0	0	0.0
OVERALL TOTAL	444	1,148,072		191,144	

Real estate assets

Real estate assets are listed in the following table:

(€/000)							
AS AT 31 DECEMBER 2017							
	Historical value	Monetary revaluations	Fiscally-driven and voluntary revaluations	Law 02/2009 Revaluations	Law 147/2014 Revaluations	Accumulated depreciation and impairment losses at 31/12/2017	T o t a l 2017
BUILDINGS HELD FOR INVESTMENT							
Operating buildings							
Milano - Via I. Gardella 2	98,591	0	0	0	8,301	(22,762)	84,129
Perugia - Via Pellas 44	151	11	0	189	0	(207)	143
Total operating buildings	98,742	11	0	189	8,301	(22,970)	84,273
Buildings used by third parties							
Acqui - Piazza Matteotti 25	53	10	77	63	0	-34	169
Alessandria - P.za Carducci 1	79	79	0	102	0	-75	185
Asti - C. So Alfieri 130	50	57	0	264	0	-154	217
Biella - Piazza V. Veneto 16	17	43	34	274	0	-201	167
Brescia - Via Saffi 1	121	67	0	395	0	-222	361
Busto Arsizio - Via C. Tosi 8	80	31	0	197	0	-133	175
Como - V. Le Rosselli 13	116	22	77	549	0	-463	301
Cremona - P. Za Roma 7	137	24	23	271	0	-212	244
Cuneo - Piazza Europa 26	62	75	0	420	0	-265	291
Ferrara - Via Don Minzoni 17	98	10	93	287	0	-144	343
Gallarate - P. Za Risorgimento 10	34	7	44	98	0	-32	151
Livorno - Via Grande 225	128	5	0	187	0	-172	148
Lodi - C. So V. Emanuele II° 12	13	10	41	209	0	-125	147
Milano - Via Ariosto 21	2,485	0	0	609	212	-503	2,803
Milano - Via B. D'Alviano 2	22	46	62	532	0	-199	462
Milano - Via V. Colonna 2	228	0	0	477	21	-111	615
Milano - Via Correggio 3	223	0	0	95	86	-60	344
Milano - Palazzo A	48,845	0	0	0	0	-7,393	41,452
Milano - Palazzo C	38,029	0	0	0	0	-6,258	31,770
Milano - Area Commerciale	6,108	0	0	0	0	-528	5,581
Modena - Via Ganaceto 39	33	13	46	553	0	-320	325
Parma - Via Longhi 1	87	42	62	439	0	-186	444
Perugia - Via Pellas 44 - AG	122	7	0	126	0	-91	164
Pistoia - Via S. Fedi 67	75	39	0	176	0	-131	159
Pontedera - C. So Matteotti 108	61	41	0	205	0	-83	224
Rovigo - C. So Del Popolo 4	63	24	0	121	0	-100	108
Roma - Via Lima 4	7,001	0	0	0	0	-185	6,816
Sondrio - Via C. Alessi 16	54	15	0	97	0	-70	96
Terni - Via Beccaria 22	17	28	0	195	0	-106	134
Trieste - Via Torrebianca 18	15	36	21	136	0	-32	176
TORINO-CORSO FRANCIA 430	5,140	0	0	0	0	-110	5,030
TORINO- VIA PASTEUR 6	2,933	0	0	0	0	-63	2,871
Udine - Via Carducci 4	39	72	0	247	0	-165	193
Varese - Via Mazzini 1	158	71	41	289	0	-202	357
Vicenza - C. So Palladio 155	84	76	36	280	0	-78	398
Total buildings used by third parties	112,808	950	657	7,893	319	(19,205)	103,422
TOTAL BUILDINGS HELD FOR INVESTMENT	211,550	961	657	8,082	8,620	(42,175)	187,695
TOTAL BUILDINGS	211,550	961	657	8,082	8,620	(42,175)	187,695

Cash flow Statements

(€/000)

	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' leaving entitlement:		
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 from operating activities	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 disinvesting activities	768,514	1,069,628
Cash flow generated	977,920	1,398,682

Cash flow Statements

	(€/000)	
	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	14,151	13,476
Total application of funds	1,119,592	1,310,793
Increase/decrease in liquid funds	-141,672	87,889
TOTAL	977,920	1,398,682
Liquid funds at the beginning of the year	226,094	138,205
Liquid funds at the end of the year	84,422	226,094

Key figures of the Parent Company

Pursuant to Article 2497-bis of the Italian Civil Code, as amended by the company law reform, the key figures of the latest approved financial statements of Yafa SpA, the parent company that exercises management and coordination activities on Vittoria Assicurazioni, are summarized below:

(€/000)											
Key figures for the last financial report approved as of 31 December 2016											
Denomination	Registered office	Share Capital	Sector	Total Assets	Fixed assets	Current assets	Liabilities	Equity	Profit (loss) for the year	Costs	Revenues
Yafa S.p.A.	Turin - Corso vittorio Emanuele II n. 72	15,000	Insurance	92,556	86,780	5,776	28,920	63,558	564	1,046	1,610

Investments in subsidiaries

Vittoria Immobiliare S.p.A.

Registered offices in Milan - Galleria San Babila 4/B
Share Capital: euro 112,418,835 - equity interest: 100.00%.

This company is active in the real estate trading sector and is also a holding company for investments in companies operating in the real estate management, brokerage and promotion sectors.

The draft financial statements reviewed by the Board of Directors on 13 February 2018 show shareholders' equity of 93,623 thousand euro, including 1,551 thousand euro of net loss for the year. The consolidated financial statements, prepared for the purposes of Vittoria Assicurazioni consolidation, show consolidated shareholders' equity of 97,781 thousand euro, including the year's net profit of 214 thousand euro.

Immobiliare Bilancia S.r.l. ["S.r.l." = private limited liability company]

Registered offices in Milan - Galleria San Babila 4/B
Share capital: euro 6,650,000 - equity interest: 100.00%.

A company active in real estate trading.

The draft financial statements reviewed by the Board of Directors on 13 February 2018 show shareholders' equity of 26,704 thousand euro, including the year's net loss of 468 thousand euro.

Immobiliare Bilancia Prima S.r.l.

Registered offices in Milan - Galleria San Babila 4/B
Share capital: euro 3,000,000 - equity interest: 100.00%.

A company active in real estate trading.

The draft financial statements reviewed by the Board of Directors on 13 February 2018 show shareholders' equity of 26,704 thousand euro, including the year's net loss of 468 thousand euro.

Acacia 2000 S.r.l.

Registered offices in Milan - Via Gardella 2
Share capital: euro 369,718 – 71.60% directly owned and 28.40% via Vittoria Immobiliare SpA

A company active in real estate development trading.

The draft financial statements reviewed by the Board of Directors on 13 February 2018 show shareholders' equity of 192,625 thousand euro, including the year's net profit of 1,373 thousand euro.

VAIMM Sviluppo S.r.l.

Registered offices in Milan - Galleria San Babila 4/B
Share capital: euro 3,000,000 - equity interest: 100.00%.

A company active in real estate development trading.

The draft financial statements reviewed by the Board of Directors on 13 February 2018 show shareholders' equity of 55,723 thousand euro, including the year's net loss of 383 thousand euro.

VP Sviluppo 2015 S.r.l.

Registered offices in Milan - Via Gardella 2

Share capital: euro 2,000,000 - equity interest: 100.00%.

A company active in real estate development.

The draft financial statements reviewed by the Board of Directors on 13 February 2018 show shareholders' equity of 53,754 thousand euro, including the year's net loss of 205 thousand euro.

Interimmobili S.r.l.

Registered offices in Rome – Sq. Ungheria 2

Share capital: euro 100,000 - equity interest: 100.00%.

A company active in trading.

The draft financial statements reviewed by the Board of Directors on 13 February 2018 show shareholders' equity of 789 thousand euro, including the year's net loss of 617 thousand euro.

Vittoria Properties S.r.l.

Registered offices in Milan – Via Gardella 2

Share capital: euro 8,000,000 - equity interest: 100.00%

A company active in the management and letting of its property assets.

The draft financial statements reviewed by the Board of Directors on 13 February 2018 show shareholders' equity of 17,072 thousand euro, including the year's net loss of 262 thousand euro.

Interbilancia S.r.l.

Registered offices in Milan – Via Gardella 2

Share capital: euro 80,000 - equity interest: 100.00%

A holding company for investments in companies active in the service sector.

Draft financial statements reviewed by the Board of Directors on 14 March 2018 show shareholders' equity of 2,462 thousand euro including the year's net profit of 34 thousand euro.

The following table provides the essential data of 2016 annual report of the subsidiaries and associated companies as required by ex Article n. 2429 of the Italian Civil Code:

Subsidiaries Companies							(€/000)
Denomination	Registered Office	Share Capital	Equity	Profit (loss) for the year	Ownership %	balance sheet value	
Vittoria Immobiliare S.p.A.	Milano	112,419.00	93,623 -	92	100	111,758	
Interimmobili S.r.l.	Roma	100.00	789 -	617	100	1,500	
Immobiliare Bilancia S.r.l.	Milano	6,650.00	26,704	468	100	27,562	
Immobiliare Bilancia Prima S.r.l.	Milano	3,000.00	55,222 -	559	100	53,596	
Vittoria Properties S.r.l.	Milano	8,000.00	17,072 -	262	100	18,016	
Interbilancia S.r.l.	Milano	80.00	2,462	34	100	1,638	
Vaimm Sviluppo S.r.l.	Milano	3,000.00	55,723 -	383	100	60,886	
VP Sviluppo 2015 S.r.l.	Milano	2,000.00	53,754 -	205	100	56,040	
Acacia 2000 S.r.l.	Milano	370.00	192,625	1,373	72	153,770	

Associated Companies							(€/000)
Denomination	Registered Office	Share Capital	Equity	Profit (loss) for the year	Ownership %	balance sheet value	
Yarpa S.p.A.	Genova	30,000.00	31,894	1,788	27	8,280	
Touring Vacanze S.r.l.	Milano	12,900.00	14,899	81	46	6,814	
Touring Digital S.r.l.	Milano	1,800.00	753 -	655	45	339	

Litigation

Litigation existing at the end of the period is related to the normal operation linked to the claims management.

Tax situation

In the year 2017, the Company confirmed or exercised the option for the National Tax Consolidation Regime (art. 117 and following of Presidential Decree 22 December 1986, n. 917) 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., Valsalaria S.r.l. and VP Sviluppo 2015 S.r.l..

Consolidated IRES national tax with these subsidiaries will persist also in 2018.

With reference to the year 2017, the Company exercised the option for VAT payment at the group level under D.M. 12.13.1979, together with its 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., Vaimm Sviluppo S.r.l., Valsalaria S.r.l. and VP Sviluppo 2015 S.r.l..

It is noted that for the year 2018, the Company exercised this option, along with the same subsidiaries listed above.

In accordance with Law no. 147/2013, at the end of 2013 the 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 for IRES and IRAP purposes. 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.

In 2009, the 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 company has settled its tax obligations related to IRES and IRAP for all three years, while regarding VAT, has appealed against the assessments for the three years.

The company obtained a favourable judgement in the first and second instance in relation to the three years (2004, 2005 and 2006), and appeals of the Tax Authorities with the Supreme Court of Cassation are pending.

The Board of Directors

Milan, 15th March 2018

Annexes to the notes to the financial statements

page		
135	Annex 1	Balance sheet - Non-life business
145	Annex 2	Balance sheet - Life business
146	Annex 3	Allocation of the net profit (loss) for the year between non-life and life businesses
157	Annex 4	Assets - Changes in intangible assets (caption B) and land and buildings (caption C.I)
158	Annex 5	Assets - Changes in investments in group and other companies: equity investments (caption C.II.1), bonds (caption C.II.2) and loans (caption C.II.3)
159	Annex 6	Assets - Information on companies in which Vittoria holds an investment
161	Annex 7	Assets - Changes in investments in group and other companies: equity investments
165	Annex 8	Assets - Allocation based on the use of other financial investments: equity investments, unit trust units, bonds and other fixed-interest securities, shares in investment pools and other financial investments (captions C.III.1,2,3,5,7)
166	Annex 9	Assets - Changes in other financial investments: investment portfolio: equity investments, unit trust units, bonds and other fixed-interest securities, shares in investment pools and other financial investments (captions C.III.1,2,3,5,7)
167	Annex 10	Assets - Changes in loans and deposits with banks (captions C.III.4,6)
168	Annex 11	Assets - List of assets relating to unit-linked and index-linked policies (caption D.I)
169	Annex 12	Assets - List of assets arising from pension fund management (caption D.II)
170	Annex 13	Liabilities - Changes in premium reserve (caption C.I.1) and claims reserve (caption C.I.2) of non-life business
171	Annex 14	Liabilities - Changes in mathematical reserves (caption C.II.1) and profit participation and reimbursement reserve (caption C.II.4)
172	Annex 15	Liabilities - Changes in provisions for contingencies and other charges (caption E) and employees' leaving entitlement (caption G.VII)
173	Annex 16	List of assets and liabilities relating to group and other companies
175	Annex 17	List of classes I, II, III and IV of "guarantees, commitments and other memorandum and contingency accounts"
176	Annex 18	Commitments for derivative transactions
177	Annex 19	Summarised non-life business technical account
178	Annex 20	Summarised life business premiums and reinsurance balance
179	Annex 21	Income on investments (captions II.2 and III.3)
180	Annex 22	Income and unrealised capital gains relating to investments benefiting policyholders bearing the risk and investments stemming from pension fund management (caption II.3)
181	Annex 23	Capital and financial charges (captions II.9 and III.5)
182	Annex 24	Capital and financial charges and unrealised capital losses relating to investments benefiting policyholders bearing the risk and investments stemming from pension fund management (caption II.10)
183	Annex 25	Non-life business - Summarised technical account by line of business - Domestic portfolio
185	Annex 26	Non-life business - Summarised technical account
186	Annex 27	Life business - Summarised technical account by line of business - Domestic portfolio
187	Annex 28	Life business - Summarised technical account
188	Annex 29	Life and non-life business - Summarised technical account - Foreign portfolio
189	Annex 30	Intercompany relationships
191	Annex 31	Summarised direct insurance premiums accounted for
192	Annex 32	Personnel expenses and directors' and statutory auditors' fees

Previous year

			181
182			
184			
186			
187			
188			
189	4,870		190 4,870
191	68,365		
192	60,670		
193			
194			
195		196	129,035
197			
198	455,916		
199			
200	15,364		
201	28,412	202	499,692
203			
204			
205			
206			
207		208	
209			
210	20,000		
211			
212	1,233		
213		214	21,233
		215	520,925
	to carry forward		4,870

Previous year

brought forward			4,870
216			
217			
218	219		
	220	28,228	
221		1,028,267	
222		139	
223	224	1,028,406	
225		3,145	
226			
227	228	7,101	
	229		
	230		
	231		
	232	1,063,735	
	233		
	234		1,713,695
	238	17,190	
	239	38,813	
	240		
	241		
	242		56,003
	to carry forward		1,774,568

BALANCE SHEET - NON-LIFE BUSINESS

ASSETS

		brought forward		Current year			
						1,945,086	
E. RECEIVABLES							
I - Receivables relating to direct insurance due from:							
1. Policyholders							
a) premiums for the year	71	50,802					
b) premiums for previous years	72	1,276	73	52,078			
2. Insurance brokers and agents							
			74	78,688			
3. Current account companies							
			75	9,407			
4. Amounts to be recovered from policyholders and third parties							
			76	24,113	77	164,287	
II - Receivables relating to reinsurance due from:							
1. Insurance and reinsurance companies							
			78	2,775			
2. Reinsurance brokers and agents							
			79		80	2,775	
III - Other receivables							
					81	48,702	
					82	215,764	
F. OTHER ASSETS							
I - Tangible assets and inventory:							
1. Office furniture and machines and internal transport systems							
			83	5,109			
2. Registered chattel property							
			84	118			
3. Plant and machinery							
			85	1,050			
4. Inventory and other assets							
			86	152	87	6,429	
II - Liquid funds							
1. Bank and postal accounts							
			88	61,348			
2. Cheques on hand and cash-in-hand							
			89	7	90	61,355	
III - Own shares or quotas							
					91		
IV - Other assets							
1. Suspense reinsurance accounts							
			92				
2. Sundry assets							
			93	70,032	94	70,032	
of which: giro account with life business							
			901				
G. PREPAYMENTS AND ACCRUED INCOME							
1. Interest							
					96	13,087	
2. Rent instalments							
					97	464	
3. Other prepayments and accrued income							
					98	2,829	
					99	16,380	
TOTAL ASSETS						100	2,315,045

Previous year

		brought forward		1,774,568	
251	46,641				
252	916	253	47,557		
		254	84,598		
		255	6,177		
		256	24,090	257	162,422
		258	741		
		259		260	741
				261	29,564
				262	192,727
		263	5,944		
		264	155		
		265	867		
		266	11	267	6,977
		268	145,481		
		269	50	270	145,531
				271	
		272			
		273	76,565	274	76,565
		903		275	229,073
				276	13,649
				277	849
				278	3,116
				279	17,614
				280	2,213,982

BALANCE SHEET - NON-LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' EQUITY

Current year

A. SHAREHOLDERS' EQUITY			
I	- Subscribed share capital or equivalent fund	101	39,427
II	- Share premium reserve	102	19,032
III	- Revaluation reserves	103	16,582
IV	- Legal reserve	104	7,885
V	- Statutory reserves	105	
VI	- Reserve for own shares	106	
VII	- Other reserves	107	469,072
VIII	- Retained earnings or losses carried forward	108	
IX	- Net profit/(loss) for the year	109	75,028
X	- Negative reserve for own shares	401	627,026
B. SUBORDINATED LIABILITIES			111
C. TECHNICAL RESERVES			
I	- NON-LIFE BUSINESSES		
	1. Premium reserve	112	404,550
	2. Claims reserve	113	1,147,717
	3. Profit participation and reimbursement reserve	114	
	4. Other technical reserves	115	409
	5. Equalisation reserves	116	6,922
	to carry forward		1,559,598
			2,186,624

Previous year

	281	39,427	
	282	19,032	
	283	16,582	
	284	7,885	
	285		
	286		
	287	344,717	
	288		
	289	138,504	
	501		290 566,147
			291
292	394,239		
293	1,118,634		
294			
295	409		
296	6,308		297 1,519,590
to carry forward			2,085,736

BALANCE SHEET - NON-LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year	
		brought forward	2,186,624
E. PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES			
1.	Pension and similar provisions	128	
2.	Provision for taxation	129	8,814
3.	Other provisions	130	14,456
			131 23,270
F. DEPOSITS FROM REINSURERS			
			132 4,138
G. PAYABLES AND OTHER LIABILITIES			
I - Payables arising from direct insurance business due to:			
1.	Insurance brokers and agents	133 4,003	
2.	Current account companies	134 2,562	
3.	Guarantee deposits and premiums paid by policyholders	135 632	
4.	Guarantee funds in favour of policyholders	136 460	137 7,658
II - Payables arising from reinsurance business due to:			
1.	Insurance and reinsurance companies	138 7,482	
2.	Reinsurance brokers and agents	139	140 7,482
III - Bond issues			
		141	
IV - Due to banks and other financial institutions			
		142	
V - Secured debts			
		143	
VI - Sundry loans and other financial payables			
		144	
VII - Employees' leaving entitlement			
		145	2,640
VIII - Other sums payable			
1.	Policyholders' tax due	146 23,859	
2.	Other sums payable to taxation authorities	147 2,392	
3.	Social security charges payable	148 2,899	
4.	Sundry payables	149 28,974	150 58,124
IX - Other liabilities			
1.	Suspense reinsurance accounts	151	
2.	Commissions on premiums under collection	152 14,360	
3.	Other liabilities	153 10,722	154 25,082
	of which: giro account with life business	902	155 100,986
H. ACCRUED EXPENSES AND DEFERRED INCOME			
1.	Interest	156	
2.	Rent instalments	157	
3.	Other accrued expenses and deferred income	158	28 159 28
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			160 2,315,045

Previous year

brought forward			2,085,736
		308	
		309	11,813
		310	9,494
		311	21,307
		312	5,454
313	4,523		
314	1,968		
315	559		
316	240	317	7,290
318	7,324		
319		320	7,324
		321	
		322	
		323	
		324	
		325	2,585
326	23,466		
327	5,463		
328	2,527		
329	28,147	330	59,603
331			
332	12,773		
333	11,896	334	24,669
904		335	101,471
		336	
		337	
		338	
		339	14
		340	2,213,982

Previous year			
			181
182			
183	5,876		
186			
187			
188			
189	3,778		190 9,654
191	20,280		
192	38,888		
193			
194			
195		196 59,168	
197			
198	50,693		
199			
200			
201	202 50,693		
203			
204			
205			
206			
207	208		
209			
210			
211			
212			
213	214	215 50,693	
	to carry forward		9,654

BALANCE SHEET - LIFE BUSINESS

ASSETS

		Current year	
		brought forward	8,125
C. INVESTMENTS (continues)			
III	- Other financial investments		
	1. Equity investments		
	a) Listed shares	36	
	b) Unlisted shares	37	
	c) Quotas	38	39
	2. Unit trust units	40	198,808
	3. Bonds and other fixed-interest securities:		
	a) listed	41	910,384
	b) unlisted	42	757
	c) convertible bonds	43	44
	4. Loans		
	a) secured loans	45	
	b) loans on policies	46	596
	c) other loans	47	48
	5. Shares in investment pools		49
	6. Deposits with banks		50
	7. Other financial investments	51	52
IV	- Deposits with ceding companies		53
D. INVESTMENTS BENEFITING LIFE POLICYHOLDERS BEARING THE RISK AND STEMMING FROM PENSION FUND MANAGEMENT			
I	- Investments relating to index-linked policies		55
II	- Investments relating to pension fund management		56
D bis. REINSURERS' SHARE OF TECHNICAL RESERVES			
II - LIFE BUSINESSES			
	1. Mathematical reserves	63	2,250
	2. Complementary insurance premium reserve	64	
	3. Reserve for amounts payable	65	3,037
	4. Profit participation and reimbursement reserve	66	
	5. Other technical reserves	67	31
	6. Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management	68	69
		to carry forward	1,305,678

Valori dell'esercizio precedente

	brought forward		9,654
216			
217			
218	219		
	220	41,397	
221	925,474		
222	967		
223	224	926,441	
225			
226	1,276		
227	228	1,276	
	229		
	230	2,000	
	231	232	971,114
		233	149
		234	1,081,124
		235	37,368
		236	18,980
		237	56,348
	243	7,447	
	244		
	245		
	246		
	247	32	
	248		
		249	7,479
	to carry forward		1,154,605

BALANCE SHEET - LIFE BUSINESS

ASSETS

		Current year		
		brought forward		1,305,678
E. RECEIVABLES				
I	- Receivables relating to direct insurance due from:			
	1. Policyholders			
	a) premiums for the year	71	5,244	
	b) premiums for previous years	72	5,244	
	2. Insurance brokers and agents	74	9,093	
	3. Current account companies	75		
	4. Amounts to be recovered from policyholders and third parties	76	14,337	
II	- Receivables relating to reinsurance due from:			
	1. Insurance and reinsurance companies	78	269	
	2. Reinsurance brokers and agents	79	269	
III	- Other receivables		14,802	29,408
F. OTHER ASSETS				
I	- Tangible assets and inventory:			
	1. Office furniture and machines and internal transport systems	83	386	
	2. Registered chattel property	84		
	3. Plant and machinery	85	26	
	4. Inventory and other assets	86	412	
II	- Liquid funds			
	1. Bank and postal accounts	88	23,067	
	2. Cheques on hand and cash-in-hand	89	23,067	
III	- Own shares or quotas			
IV	- OTHER ASSETS			
	1. Suspense reinsurance accounts	92		
	2. Sundry assets	93	2,592	26,071
	of which: giro account with non-life business	901		
G. PREPAYMENTS AND ACCRUED INCOME				
	1. Interest		11,516	
	2. Rent instalments			
	3. Other prepayments and accrued income		248	11,764
TOTAL ASSETS				1,372,921

Previous year

		brought forward		1,154,605	
251	3,727				
252	926	253	4,653		
		254	11,174		
		255			
		256		257	15,827
		258	70		
		259		260	70
				261	11,260
				262	27,157
		263	567		
		264			
		265	30		
		266		267	597
		268	80,562		
		269		270	80,562
				271	
		272			
		273	2,787	274	2,785
		903		275	83,944
				276	11,457
				277	
				278	447
				279	11,904
				280	1,277,610

BALANCE SHEET - LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year	
A. SHAREHOLDERS' EQUITY			
I	- Subscribed share capital or equivalent fund	101	27,952
II	- Share premium reserve	102	14,323
III	- Revaluation reserves	103	1,611
IV	- Legal reserve	104	4,792
V	- Statutory reserves	105	
VI	- Reserve for own shares	106	
VII	- Other reserves	107	50,408
VIII	- Retained earnings or losses carried forward	108	
IX	- Net profit (loss) for the year	109	3,417
X	- Negative reserve for own shares	401	
		110	102,503
B. SUBORDINATED LIABILITIES			
			111
C. TECHNICAL RESERVES			
II - LIFE BUSINESSES			
	1. Mathematical reserves	118	1,150,584
	2. Complementary insurance premium reserve	119	67
	3. Reserve for amounts payable	120	24,342
	4. Profit participation and reimbursement reserve	121	63
	5. Other technical reserves	122	5,921
		123	1,180,977
D. TECHNICAL RESERVES WHERE THE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND RESERVES ARISING FROM PENSION FUND MANAGEMENT			
I	- Reserves arising from index-linked policies	125	52,200
II	- Reserves arising from pension fund management	126	24,026
		127	76,226
to carry forward			1,359,706

Previous year

	281	27,952	
	282	14,323	
	283	1,611	
	284	4,743	
	285		
	286		
	287	49,475	
	288		
	289	983	
	501		290 99,087
			291
298	1,072,342		
299	78		
300	26,329		
301	49		
302	6,308		303 1,105,106
	305	37,368	
	306	18,980	307 56,348
to carry forward			1,260,541

BALANCE SHEET - LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' EQUITY

		Current year	
		brought forward	1,359,706
E. PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES			
1.	Pension and similar provisions	128	
2.	Provision for taxation	129	337
3.	Other provisions	130	34
			131
			371
F. DEPOSITS FROM REINSURERS			
			132
			2,281
G. PAYABLES AND OTHER LIABILITIES			
I - Payables arising from direct insurance business due to:			
1.	Insurance brokers and agents	133	853
2.	Current account companies	134	108
3.	Guarantee deposits and premiums paid by policyholders	135	511
4.	Guarantee funds in favour of policyholders	136	137
			1,472
II - Payables arising from reinsurance business due to:			
1.	Insurance and reinsurance companies	138	1,195
2.	Reinsurance brokers and agents	139	140
			1,195
III - Bond issues			
			141
IV - Due to banks and other financial institutions			
			142
V - Secured debts			
			143
VI - Sundry loans and other financial payables			
			144
VII - Employees' leaving entitlement			
			145
			235
VIII - Other sums payable			
1.	Policyholders' tax due	146	189
2.	Other sums payable to taxation authorities	147	347
3.	Social security charges payable	148	296
4.	Sundry payables	149	2,484
			150
			3,316
IX - Other liabilities			
1.	Suspense reinsurance accounts	151	
2.	Commissions on premiums under collection	152	711
3.	Other liabilities	153	3,634
of which: giro account with non-life business		902	
			154
			4,345
			155
			10,562
H. ACCRUED EXPENSES AND DEFERRED INCOME			
1.	Interest	156	
2.	Rent instalments	157	
3.	Other accrued expenses and deferred income	158	159
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			160
			1,372,921

Previous year

brought forward		1,260,541
	308	
	309	26
	310	62
		311 88
		312 7,479
313	506	
314	98	
315	559	
316	317	1,163
318	181	
319	320	181
	321	
	322	
	323	
	324	
	325	320
326	172	
327	1,249	
328	271	
329	3,903	330 5,595
331		
332	520	
333	1,725	334 2,245
904		335 9,504
	336	
	337	
	338	339
		340 1,277,610

Company VITTORIA ASSICURAZIONI S.p.A.

Year 2017

Allocation of the net profit (loss) for the year between non-life and life businesses

		Non-life businesses	Life businesses	Total
Result of technical account	1	112,143	2,194	114,337
Income on investments	+ 2	30,213		30,213
Capital and financial charges	- 3	32,793		32,793
Income on investments transferred from the life business technical account	+ 24		2,776	2,776
Income on investments transferred to the non-life business technical account	- 5			
Operating result	6	109,563	4,970	114,533
Other income	+ 7	2,289	347	2,636
Other expense	- 8	10,325	2,173	12,498
Extraordinary income	+ 9	6,136	2,036	8,172
Extraordinary expense	- 10	473	32	505
Profit (loss) before taxation	11	107,190	5,148	112,338
Taxation on profit for the year	- 12	32,162	1,731	33,893
Net profit (loss) for the year	13	75,028	3,417	78,445

Year 2017

Company VITTORIA ASSICURAZIONI S.p.A.

Assets - Changes in intangible assets (caption B) and
land and buildings (caption C.I)

		Intangible assets B	Land and buildings C.I
Gross opening book value	+	1 124,532	31 217,453
Increase of the year	+	2 4,155	32 8,074
for: acquisitions or increases		3 4,155	33 8,074
write-backs		4	34
revaluations		5	35
other variations		6	36
Decrease of the year	-	7 929	37 1,046
for: sales or decreases		8 88	38 1,046
permanent write-downs		9	39
other variations		10 841	40
Gross closing book value (a)		11 127,758	41 224,481
Amortisation and depreciation:			
Opening book value	+	12 110,007	42 29,251
Increase of the year	+	13 5,135	43 7,716
for: amortisation/depreciation charge of the year		14 5,135	44 7,716
other variations		15	45
Decrease of the year	-	16	46 181
for: disposals		17	47 181
other variations		18	48
Closing book value (b) (*)		19 115,142	49 36,786
Book value (a - b)		20 12,616	50 187,695
Current value			51 241,733
Total revaluations		22	52
Total write-downs		23	53
(*) of which resulting from fiscally-driven entries		24	54

Company VITTORIA ASSICURAZIONI S.p.A.

Year 2017

Assets - Changes in investments in group and other companies: equity investments
(caption C.II.1), bonds (caption C.II.2) and loans (caption C.II.3)

		Equity investments C.II.1	Bonds C.II.2	Loans C.II.3
Opening book value	+	1 550,385	21	41 21,233
Increase of the year	+	2 9,330	22	42 4,090
for: acquisitions, subscriptions or lending		3 9,330	23	43 4,090
write-backs		4	24	44
revaluations		5		
other variations		6	26	46
Decrease of the year:	-	7 31,105	27	47 11,100
for: sales or repayments		8 30,344	28	48 11,100
write-downs		9 761	29	49
other variations		10	30	50
Book value		11 528,610	31	51 14,223
Current value		12 627,862	32	52
Total revaluations		13		
Total write-downs		14 761	34	54

Caption C.II.2 includes:

Listed bonds	61
Unlisted bonds	62
Book value	63
of which: convertible bonds	64

Assets - Information on subsidiaries (*)

Number	Type	Listed or unlisted	Business activity	Name and registered offices	Currency
	(1)	(2)	(3)		
1	b	NQ	2	VITTORIA IMMOBILIARE S.p.A. - Via Aldo Rossi 4 - 20149 Milano	242
2	b	NQ	2	VITTORIA IMMOBILIARE S.p.A. - Via Aldo Rossi 4 - 20149 Milano	242
3	d	NQ	2	YARPA S.p.A. - Via Roma 3 - 16121 Genova	242
4	e	NQ	2	GRUPPO G.P.A. S.p.A. in Liquidazione - Via Melchiorre Gioia 124 - 20125 Milano	242
5	e	NQ	3	BANCA PASSADORE & C. S.p.A. - Via E.Vernazza 27 - 16121 Genova	242
6	e	NQ	3	BCC VALDOSTANA Soc.Coop. - Fraz.Taxel 26 - 11020 Gressan AO	242
7	e	NQ	3	ROVIGO BANCA Cred.Coop. - Via Casalini n.10 - 45100 Rovigo	242
8	e	NQ	9	DOWNALL ITALIA S.r.l. in Liquidazione - Piazza Sicilia 6 - 20146 Milano	242
9	e	NQ	9	U.C.I. S.cons.r.l. - Corso Sempione 39 - 20145 Milano	242
10	e	NQ	2	MEDINVEST INTERNATIONAL S.C.A. - 26-28 Rives de Clausen - L-2165 Lussemburgo	242
11	b	NQ	2	INTERBILANCIA S.r.l. - Via Ignazio Gardella n.2 - 20149 Milano	242
12	b	NQ	4	IMMOBILIARE BILANCIA S.r.l. - Via Aldo Rossi 4 - 20149 Milano	242
13	b	NQ	4	IMMOBILIARE BILANCIA S.r.l. - Via Aldo Rossi 4 - 20149 Milano	242
14	d	NQ	9	TOURING VACANZE S.r.l. - Corso Italia n.10 - 20122 Milano	242
15	b	NQ	4	VITTORIA PROPERTIES S.r.l. - Via Ignazio Gardella n.2 - 20149 Milano	242
16	b	NQ	4	IMMOBILIARE BILANCIA PRIMA S.r.l. - Via Aldo Rossi 4 - 20149 Milano	242
17	e	NQ	3	BCC APUANA Sc in LIQUIDAZIONE - Viale Eugenio Chiesa n.4 - 54100 Massa	242
18	e	Q	3	MEDIOBANCA S.p.A. - P.tta E.Cuccia 1 - 20121 Milano	242
19	d	NQ	7	CONSORZIO MOVINCOM S.c.r.l. in Liq. - Via Cavallotti Felice 15 - 20122 Milano	242
20	e	NQ	2	YAM INVEST N.V. - Herengracht 450 - 1017 CA Amsterdam	242
21	e	NQ	3	BANCO FIORENTINO Mugello Impruneta Signa - Via Villani 13 - 50033 Fiorenzuola	242
22	e	NQ	3	BCC MILANO ex BCC CARUGATE INZAGO - Via De Gasperi 11 - 20061 Carugate	242
23	e	NQ	3	BCC DEL GRAN SASSO D'ITALIA SCPA - Via dell'Industria 3 - 64025 Pineto TE	242
24	e	NQ	2	NUOVE PARTECIPAZIONI S.p.A. - Via Lodovico Mancini n.5 - 20129 Milano	242
25	e	NQ	3	BCC ROMAGNA in Liq.Coatta.Amm. - Via Leopoldo Lucchi, 135 - 47521 Cesena FC	242
26	d	NQ	9	MOVINCOM SERVIZI SpA in Liq. - Via Cavallotti Felice 15 - 20122 Milano	242
27	b	NQ	4	ACACIA 2000 S.r.l. - Via Ignazio Gardella n.2 - 20149 Milano	242
28	e	NQ	2	PORTA ROMANA 4 S.r.l. - Corso di Porta Romana 6 - 20122 Milano	242
29	b	NQ	4	VAIMM SVILUPPO S.r.l. - Via Aldo Rossi 4 - 20149 Milano	242
30	b	NQ	4	VP SVILUPPO 2015 S.r.l. unipersonale - Via Ignazio Gardella n.2 - 20149 Milano	242
31	e	NQ	7	CONSORZIO SERVIZI ASSICURATIVI - Via Ignazio Gardella 2 - 20149 Milano	242
32	d	NQ	9	TOURING DIGITAL S.r.l. - Corso Italia n.10 - 20122 Milano	242
33	b	NQ	4	INTERIMMOBILI S.r.l. - Via Ignazio Gardella n.2 - 20149 Milano	242

(*) List of group companies and other companies held either directly or through trustee or nominee.

(1) Type

- a = Parent companies
- b = Subsidiaries
- c = Related companies
- d = Associated companies
- e = Other companies

(2) Indicate Q for listed securities and NQ for unlisted securities

(3) Business activity

- 1 = Insurance company
- 2 = Financial company
- 3 = Bank
- 4 = Real estate company
- 5 = Trust
- 6 = Trust management company
- 7 = Consortium
- 8 = Manufacturing company
- 9 = Other

(4) Amounts in original currency

(5) Indicate total holding percentage

Share capital		Shareholders' equity (**)	Net profit or loss for the last year (**)	Percentage held (5)		
Amount (4)	Number of shares			(4)	(4)	Direct %
112,419	261,818	93,623	-1,551	25.09		25.09
112,419	261,818	93,623	-1,551	74.91		74.91
30,000	30,000,000	40,930	1,851	27.31		27.31
8,528	16,400,000			9.74		9.74
100,000	20,000,000			2.76		2.76
6,854	1,328,339			0.29		0.29
2,016	78,077			0.13		0.13
100	100,000			10.00		10.00
510	1,000,000			0.79		0.79
9,963	7,663,600			3.91		3.91
80	80,000	2,462	34	100.00		100.00
6,650	6,650,000	26,704	468	67.48		67.48
6,650	6,650,000	26,704	468	32.52		32.52
12,900	12,900,000	14,899	81	46.00		46.00
8,000	8,000,000	17,072	-262	100.00		100.00
3,000	3,000,000	55,222	-559	100.00		100.00
5,724	28,594			0.67		0.67
435,178	870,355,094			0.14		0.14
10	9,605			29.17		29.17
63,083	63,083,168			18.75		18.75
21,853	846,362			0.21		0.21
42,969	1,664,164			0.11		0.11
5,979	59,794			0.84		0.84
1,000	249,314,516			5.59		5.59
15,041	601,637			0.33		0.33
748	748,330			48.89		48.89
370	369,718	192,625	1,373	71.60		71.60
100	100,000			6.45		6.45
3,000	3,000,000	55,723	-383	100.00		100.00
2,000	2,000,000	53,754	-205	100.00		100.00
362	362,000			0.11		0.11
2,400	2,400,000	753	-655	45.00		45.00
100	100,000	789	-617	100.00		100.00

(**) To be compiled only for subsidiary and associated companies

Assets - Changes in investments in group and other companies: equity investments

Number	Type	Name	Increase of the year		
			Acquisitions		Other increases
			Quantity	Amount	
(1)	(2)	(3)			
1	b	V VITTORIA IMMOBILIARE S.p.A. - Via Aldo Rossi 4 - 20149 Milano			
2	b	D VITTORIA IMMOBILIARE S.p.A. - Via Aldo Rossi 4 - 20149 Milano			
3	d	D YARPA S.p.A. - Via Roma 3 - 16121 Genova			
4	e	D GRUPPO G.P.A. S.p.A. in Liquidazione - Via Melchiorre Gioia 124 - 20125 Milano			
5	e	D BANCA PASSADORE & C. S.p.A. - Via E.Vernazza 27 - 16121 Genova	1,377,852		
6	e	D BCC VALDOSTANA Soc.Coop. - Fraz.Taxel 26 - 11020 Gressan AO			
7	e	D ROVIGO BANCA Cred.Coop. - Via Casalini n.10 - 45100 Rovigo			
8	e	D DOWNALL ITALIA S.r.l. in Liquidazione - Piazza Sicilia 6 - 20146 Milano			
9	e	D U.C.I. S.cons.r.l. - Corso Sempione 39 - 20145 Milano			
10	e	D MEDINVEST INTERNATIONAL S.C.A. - 26-28 Rives de Clausen - L-2165 Lussemburgo			
11	b	D INTERBILANCIA S.r.l. - Via Ignazio Gardella n.2 - 20149 Milano			
12	b	V IMMOBILIARE BILANCIA S.r.l. - Via Aldo Rossi 4 - 20149 Milano			
13	b	D IMMOBILIARE BILANCIA S.r.l. - Via Aldo Rossi 4 - 20149 Milano			
14	d	D TOURING VACANZE S.r.l. - Corso Italia n.10 - 20122 Milano			
15	b	D VITTORIA PROPERTIES S.r.l. - Via Ignazio Gardella n.2 - 20149 Milano			
16	b	D IMMOBILIARE BILANCIA PRIMA S.r.l. - Via Aldo Rossi 4 - 20149 Milano			7,000
17	e	D BCC APUANA Sc in LIQUIDAZIONE - Viale Eugenio Chiesa n.4 - 54100 Massa			
18	e	D MEDIOBANCA S.p.A. - P.tta E.Cuccia 1 - 20121 Milano			
19	d	D CONSORZIO MOVINCOM S.c.r.l. in Liq. - Via Cavallotti Felice 15 - 20122 Milano			
20	e	D YAM INVEST N.V. - Herengracht 450 - 1017 CA Amsterdam			
21	e	D BANCO FIORENTINO Mugello Impruneta Signa - Via Villani 13 - 50033 Fiorenzuola			
22	e	D BCC MILANO ex BCC CARUGATE INZAGO - Via De Gasperi 11 - 20061 Carugate			
23	e	D BCC DEL GRAN SASSO D'ITALIA SCPA - Via dell'Industria 3 - 64025 Pineto TE			
24	e	D NUOVE PARTECIPAZIONI S.p.A. - Via Lodovico Mancini n.5 - 20129 Milano			
25	e	D BCC ROMAGNA in Liq.Coatta.Amm. - Via Leopoldo Lucchi, 135 - 47521 Cesena FC			
		Total C.II.1			
	a	Parent companies			
	b	Subsidiaries			
	c	Related companies			
	d	Associated companies			
	e	Other companies			
		Total D.I			
		Total D.II			

(1) It should match that indicated in Annex

(2) Type
a = Parent companies
b = Subsidiaries
c = Related companies
d = Associated companies
e = Other companies

(3) Indicate:

D investment allocated to the non-life business (caption C.II.1)
V investments allocated to the life business (caption C.II.1)
V1 investments allocated to the life business (caption D.I)
V2 investments allocated to the life business (caption D.2)
Even if it is only a portion, the investment should be identified with the same number

Year **2017**

Decrease of the year		Other decreases	Book value (4)		Acquisition cost	Current value
Sales			Quantity	Amount		
Quantity	Amount					
			65,703	28,046	34,751	28,046
			196,115	83,713	97,379	83,713
			8,193,406	8,280	8,280	8,280
			1,596,959		7,134	
2,204,560			551,140	3,540	3,540	8,928
			3,800	41	41	41
			100	3	3	3
			9,999	21	516	21
			7,879	4	4	4
			300,000	1	3,001	1
			80,000	1,638	1,638	1,638
		4,049	4,487,398	18,599	18,599	18,599
		1,951	2,162,602	8,963	8,963	8,963
			5,934,000	6,814	10,365	6,814
			8,000,000	18,016	18,016	18,016
			3,000,000	53,596	53,596	53,596
			193	30	30	30
			1,225,350	10,354	11,203	11,592
27,209			2801.31		112	
			11,828,094	6,594	6,594	65,656
			1,817	46	46	46
			1,818	46	46	46
			500	50	50	50
			13,929,850	6,108	6,108	39,673
			2,000	50	50	50

(4) Insert (*) if stated with the equity method (only for types b and c)

Assets - Changes in investments in group and other companies: equity investments

Number (1)	Type (2)		Name (3)	Increase of the year		
				Acquisitions		Other increases
				Quantity	Amount	
26	d	D	MOVINCOM SERVIZI SpA in Liq. - Via Cavallotti Felice 15 - 20122 Milano			290
27	b	D	ACACIA 2000 S.r.l. - Via Ignazio Gardella n.2 - 20149 Milano			
28	e	D	PORTA ROMANA 4 S.r.l. - Corso di Porta Romana 6 - 20122 Milano			
29	b	D	VAIMM SVILUPPO S.r.l. - Via Aldo Rossi 4 - 20149 Milano			
30	b	D	VP SVILUPPO 2015 S.r.l. unipersonale - Via Ignazio Gardella n.2 - 20149 Milano			
31	e	D	CONSORZIO SERVIZI ASSICURATIVI - Via Ignazio Gardella 2 - 20149 Milano			
32	d	D	TOURING DIGITAL S.r.l. - Corso Italia n.10 - 20122 Milano			540
33	b	D	INTERIMMOBILI S.r.l. - Via Ignazio Gardella n.2 - 20149 Milano	100,000	1,500	
			Total C.II.1		1,500	7,830
	a		Parent companies			
	b		Subsidiaries		1,500	7,000
	c		Related companies			
	d		Associated companies			830
	e		Other companies			
			Total D.I			
			Total D.II			

(1) It should match that indicated in Annex

(2) Type
a = Parent companies
b = Subsidiaries
c = Related companies
d = Associated companies
e = Other companies

(3) Indicate:
D investment allocated to the non-life business (caption C.II.1)
V investments allocated to the life business (caption C.II.1)
V1 investments allocated to the life business (caption D.1)
V2 investments allocated to the life business (caption D.2)
Even if it is only a portion, the investment should be identified with the same number

Year **2017**

Decrease of the year		Other decreases	Book value (4)		Acquisition cost	Current value
Sales			Quantity	Amount		
Quantity	Amount					
1,154,288		290	365,876		3,592	
		24,344	264,718	153,770	153,770	153,770
			6,450	1,522	1,522	1,522
			3,000,000	60,886	64,386	60,886
			2,000,000	56,040	59,369	56,040
			400			
		471	1,080,000	339	810	339
			100,000	1,500	1,500	1,500
		31,105		528,610	575,014	627,863
		30,344		484,767	511,967	484,767
		761		15,433	23,159	15,433
				28,410	39,888	127,663

(4) Insert (*) if stated with the equity method (only for types b and c)

Assets - Allocation based on the use of other financial investments: equity investments, unit trust units, bonds and other fixed-interest securities shares in investment pools and other financial investments (captions C.III.1, 2, 3, 5,

I - Non-life business:

	Investment portfolio		Trading portfolio	Total	
	Book value	Current value		Book value	Current value
1. Equity investments:					
a) listed shares	21	41	61	101	
b) unlisted shares	22	42	62	102	
c) quotas	23	43	63	103	
2. Unit trust units	24	44	64	104	
3. Bonds and other fixed-interest securities	25	196,151	65	189,029	196,151
a) listed government securities	26	957,528	66	1,058,700	1,063,057
a2) other listed securities	27	819,304	67	920,566	923,179
b) unlisted government securities	28	138,011	68	138,011	139,755
b2) other unlisted securities	29		69		
c) convertible bonds	30	123	70	123	123
5. Shares in investment pools	31	51	71	111	
7. Other financial investments	32	52	72	112	
	33	53	73	113	

II - Life business:

	Investment portfolio		Trading portfolio	Total	
	Book value	Current value		Book value	Current value
1. Equity investments:					
a) listed shares	141	161	181	201	221
b) unlisted shares	142	162	182	202	222
c) quotas	143	163	183	203	223
2. Unit trust units	144	164	184	204	224
3. Bonds and other fixed-interest securities	145	198,007	185	198,808	203,003
a) listed government securities	146	885,362	186	97,800	986,975
a2) other listed securities	147	723,442	187	817,521	884,168
b) unlisted government securities	148	89,141	188	92,862	102,050
b2) other unlisted securities	149		189		
c) convertible bonds	150	757	190	757	757
5. Shares in investment pools	151	171	191	211	231
7. Other financial investments	152	172	192	212	232
	153	173	193	213	233

Assets - Changes in other financial investments - investment portfolio: equity investments, unit trust units, bonds and other fixed-interest securities, shares in investment pools and other financial investments (captions C.III.1, 2, 3, 5, 7)

	Equity investments C.III.1	Unit trust units C.III.2	Bonds and other fixed-interest securities C.III.3	Shares in investment pools C.III.5	Other financial investments C.III.7
Opening book value	21	69.625,41	1.339.939,81	101	
Increase of the year:	22	346.755,42	566.979,82	102	
for: acquisitions	23	318.871,43	560.266,83	103	
write-backs	24	44		104	
transfers from the trading portfolio.....	25	15.000,45		105	
other variations	26	12.884,46	6.713,86	106	
Decrease of the year:	27	33.539,47	136.050,87	107	
for: sales	28	21.180,48	6.157,88	108	
write-downs	29	2.766,49		109	
transfers to the trading portfolio	30	50		110	
other variations	31	9.593,51	129.893,91	111	
Book value	32	382.841,52	1.770.868,92	112	
Current value	33	394.158,53	1.847.235,93	113	

Year 2017

Company VITTORIA ASSICURAZIONI S.p.A.

Assets - Changes in loans and deposits with banks (captions C.III.4, 6)

		Loans C.III.4	Deposits with banks C.III.6
Opening book value	+	1 8,377	21 2,000
Increase of the year	+	2 2,231	22 1,000
for: lending		3 2,231	
write-backs		4	
other variations		5	
Decrease of the year:	-	6 3,305	26
for: repayments		7 3,305	
write-downs.....		8	
other variations		9	
Book value		10 7,303	30 3,000

Company **Vittoria Assicurazioni S.p.A.**Year **2017**

Assets - List of assets relating index-linked policies (caption D.I)

Unit trust code: Unit trust description:

	Current value		Acquisition cost	
	Year	Previous year	Year	Previous year
I. Land and buildings	21	41	61	
II. Investments in group and other companies:				
1. Equity investments	22	42	62	
2. Bonds	23	43	63	
3. Loans	24	44	64	
III. Unit trust units	46,705 25	30,064 45	43,300 65	27,773
IV. Other financial investments:				
1. Equity investments	342 26	125 46	448 66	205
2. Bonds and other fixed-interest securities	2,142 27	3,793 47	2,118 67	3,805
3. Bank deposits	28	48	68	
4. Other financial investments	29	49	69	
V. Other assets	184 30	1,398 50	184 70	1,661
VI. Liquid funds	2,824 31	1,988 51	2,824 71	1,856
.....	32	52	72	
.....	33	53	73	
Total	52,197 34	37,368 54	48,874 74	35,300

Company **Vittoria Assicurazioni S.p.A.**Year **2017**

Assets - List of assets arising from pension fund management (caption D.II)

Code: Pension fund description

	Current value		Acquisition cost	
	Year	Previous year	Year	Previous year
I. Investments in group and other companies:				
1. Equity investments	21	41	61	
2. Bonds	22	42	62	
II. Other financial investments:				
1. Equity investments	23	43	63	
2. Bonds and other fixed-interest securities	9,373 24	8,376 44	8,761 64	7,984
3. Unit trust units	13,541 25	8,870 45	9,985 65	6,398
4. Bank deposits	26	46	66	
5. Other financial investments	27	47	67	
III. Other assets	-248 28	283 48	-248 68	283
IV. Liquid funds	1,361 29	1,451 49	1,361 69	1,451
	30	50	70	
	31	51	71	
Total	24,027 32	18,980 52	19,859 72	16,116

Company VITTORIA ASSICURAZIONI S.p.A.

Year 2017

Liabilities - Changes in premium reserve (caption C.I.1) and claims reserve
(caption C.I.2) of non-life business

Type	Year	Previous year	Change
Premium reserve:			
Unearned premium reserve	1 398,705	11 380,936	21 17,769
Reserve for current risks:	2 5,845	12 13,303	22 -7,458
Book value.....	3 404,550	13 394,239	23 10,311
Claims reserve:			
Reserve for claims settlement and direct expenses	4 998,993	14 979,445	24 19,548
Reserve for settlement costs	5 64,357	15 58,994	25 5,363
IBNR reserve	6 84,367	16 80,195	26 4,172
Book value	7 1,147,717	17 1,118,634	27 29,083

Company VITTORIA ASSICURAZIONI S.p.A.Year 2017Liabilities - Changes in the mathematical reserves (caption C.II.1) and
profit participation and reimbursement reserve(caption C.II.4)

Type	Year	Previous year	Change
Pure premium reserve	1 1,138,291	11 1,061,680	21 76,611
Premiums carried forward	2 8,125	12 8,254	22 -129
Mortality risk reserve	3 4	13 1	23 3
Integration reserves	4 4,164	14 2,406	24 1,758
Book value	5 1,150,584	15 1,072,341	25 78,243
Profit participation and reimbursement reserve.....	6 63	16 49	26 14

Company VITTORIA ASSICURAZIONI S.p.A.

Year 2017

Liabilities - Changes in provisions for contingencies and other charges (caption E) and employees' leaving entitlement (caption G.VII)

		Employees' leaving entitlement and similar provisions	Provision for taxation	Other accruals	Employees' leaving entitlement		
Opening book value	+	11	11,839	21	9,556	31	2,905
Accruals of the year.....	+	2	311	22	5,857	32	2,436
Other increases	+	3		23			
Utilisation of the year	-	4	2,998	24	793	34	600
Other decreases	-	5		25	130	35	1,866
Book value		6	9,152	26	14,490	36	2,875

List of assets and liabilities relating to group and other companies

I: Assets

	Parent companies	Subsidiaries	Related companies	Associated companies	Other companies	Total
Equity investments	1	2	3	4	5	6
Bonds	7	8	9	10	11	12
Loans	13	14	15	16	17	18
Shares in investment pools.....	19	20	21	22	23	24
Bank deposits	25	26	27	28	29	30
Other financial investments	31	32	33	34	35	36
Deposits with ceding companies	37	38	39	40	41	42
Investments relating to index-linked policies.....	43	44	45	46	47	48
Investments relating to pension fund management	49	50	51	52	53	54
Receivables relating to direct insurance business.....	55	56	57	58	59	60
Receivables relating to reinsurance business	61	62	63	64	65	66
Other receivables	67	68	69	70	71	72
Bank and postal accounts.....	73	74	75	76	77	78
Sundry assets	79	80	81	82	83	84
Total	85	86	87	88	89	90
of which: subordinated assets	91	92	93	94	95	96

List of assets and liabilities relating to group and other companies

II: Liabilities

	Parent companies	Subsidiaries	Related companies	Associated companies	Other companies	Total
Subordinated liabilities	67	98	99	100	101	102
Deposits from reinsurers	103	104	105	106	107	108
Payables arising from direct insurance business	109	110	111	112	113	114
Payables arising from reinsurance business	115	116	117	118	119	120
Due to banks and other financial institutions	121	122	123	124	125	126
Secured debts	127	128	129	130	131	132
Sundry loans and other financial payables	133	134	135	136	137	138
Sundry payables	139	140	141	142	143	144
Other liabilities	145	146	147	148	149	150
Total	151	152	153	154	155	156
			3,118		121	3,239

Company VITTORIA ASSICURAZIONI S.p.A.

Year 2017

List of classes I, II, III and IV of "guarantees, commitments and other memorandum and contingency accounts"

	Year	Previous year
I. Guarantees given:		
a) sureties and endorsements given in the interest of parent companies, subsidiaries and related companies	1	31
b) sureties and endorsements given in the interest of associated companies and other group companies	2	32
c) sureties and endorsements given in the interest of third parties	3	33
d) other personal guarantees given in the interest of parent companies, subsidiaries and related companies	4	34
e) other personal guarantees given in the interest of associated and other group companies	5	35
f) other personal guarantees given in the interest of third parties	6	36
g) collateral against obligations of parent companies, subsidiaries and related companies	7	37
h) collateral against obligations of associated companies and other group companies	8	38
i) collateral against third party obligations	9	39
l) guarantees given against company's obligations	10	40
m) assets pledged as guarantee deposit against inwards reinsurance	11	41
Total	12	42
II. Guarantees received:		
a) from associated and other group companies	13	43
b) from third parties	14	17,526
Total	15	17,526
III. Guarantees given by third parties in the interest of the company:		
a) from associated and other group companies.....	16	46
b) from third parties	17	47
Total	18	48
IV. Commitments:		
a) purchase commitments with resale obligation	19	49
b) sale commitments with repurchase obligation	20	50
c) other commitments	21	56,590
Total	22	56,590
V. Assets pertaining to pension funds managed in favour and on behalf of third parties	23	24,026
VI. Securities held by third parties	24	2,435,319
Total	25	2,459,345

Commitments for derivative transactions

Derivative	Current year				Previous year				
	Purchase		Sale		Purchase		Sale		
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	
Futures:									
on shares	101	21	21	21	41	141	61	161	
on bonds	102	22	22	122	122	142	62	162	
on currencies	103	23	23	133	63	143	63	163	
on exchange rates	104	24	24	124	44	144	64	164	
other	105	25	25	125	45	145	65	165	
Options:									
on shares	106	26	26	126	46	146	66	166	
on bonds	107	27	27	127	47	147	67	167	
on currencies	108	28	28	128	48	148	68	168	
on exchange rates	109	29	29	129	49	149	69	169	
other	110	30	30	130	50	150	70	170	
Swaps:									
on currencies	111	31	31	131	51	151	71	171	
on exchange rates	112	32	32	132	52	152	72	172	
other	113	33	33	133	53	153	73	173	
Other transactions	114	34	34	134	54	154	74	174	
Total	0	0	0	0	35	155	75	175	0

Notes: - Include only derivative transactions existing at the balance sheet date which imply a commitment for the company; where the derivative does not exactly match one of the above captions or relates to more than one caption, it should be included in the one more related; no offsetting is allowed if not related to purchase/sale transactions relating to the same derivative category (same contents, maturity, underlying asset, etc).

- Derivatives involving two currency swaps should be stated only once, referring to the currency to be purchased. Derivatives involving both interest rate and currency swaps should only be included in currency swaps. Derivatives relating to interest rate swaps are classified as "purchases" or "sales" depending on whether or not they imply the fixed rate purchase or sale.

(1) Derivatives which involve or may involve capital forward exchanges should be stated at their regulated price; all other derivatives should be stated at their nominal value

(2) Indicate fair value of derivatives;

Summarised non-life business technical account

	Gross premiums accounted for	Gross premiums earned	Gross claims charge	Management fees	Reinsurance balance
Direct insurance:					
Accident and health insurance (classes 1 and 2)	104.658	101.692	37.811	36.271	-448
Third-party motor liability (class 10)	666.700	653.899	525.011	122.405	-837
Hull insurance for motor vehicles (class 3)	125.329	120.425	67.844	35.591	2.567
Marine, aviation and transport insurance (classes 4, 5, 6, 7, 11 and 12)	3.974	3.770	2.261	990	-15
Fire and miscellaneous damages (classes 8 and 9)	105.563	104.105	73.982	33.704	7.928
Third-party general liability (class 13)	57.827	55.412	30.578	18.644	-503
Credit and bond insurance (classes 14 and 15)	3.963	16.160	7.593	1.224	-1.116
Pecuniary losses (class 16)	48.488	51.393	-1.390	13.097	-42
Legal protection (class 17)	5.481	5.251	409	1.535	-981
Support and assistance (class 18)	26.389	25.647	10.363	7.201	-1.969
Total direct insurance	1,148,372	1,137,754	754,462	270,662	4,584
Indirect insurance	101,57	108,58	44,59	7,60	
Total domestic portfolio	1,148,473	1,137,862	754,506	270,669	4,584
Foreign portfolio	67	68	69	70	
Total	1,148,473	1,137,862	754,506	270,669	4,584

Company VITTORIA ASSICURAZIONI S.p.A.

Year 2017

Summarised life business premiums and reinsurance balance

	Direct insurance	Indirect insurance	Total
Gross premiums:	1 191,144	11	21 191,144
a) 1. individual policies	2 182,546	12	22 182,546
2. group policies	3 8,598	13	23 8,598
b) 1. periodic premiums	4 60,662	14	24 60,662
2. single premiums	5 130,482	15	25 130,482
c) 1. non-profit participation contracts.....	6 11,595	16	26 11,595
2. profit participation contracts.....	7 161,584	17	27 161,584
3. contracts where the investment risk is borne by policyholders and pension fund	8 17,965	18	28 17,965
Reinsurance balance	9 1,488	19	29 1,488

Company VITTORIA ASSICURAZIONI S.p.A.

Year 2017

Income on investments (captions II.2 and III.3)

		Non-life business	Life business	Total
Income on equity investments				
Dividends and other income on equity investments in group companies	1	1,799	41	81
Dividends and other income on equity investments in other companies.....	2		42	82
Total	3	1,799	43	83
Income on investments in land and buildings	4	3,205	44	2,768
Income on other investments:				
Income on bonds issued by group companies.....	5		45	85
Interest on loans to group companies	6	385	46	86
Income on unit trust units	7	5,663	47	6,503
Income on bonds and other fixed-interest securities	8	18,720	48	38,243
Interest on loans	9	175	49	30
Income on shares of investment pools	10		50	90
Interest on bank deposits.....	11		51	91
Income on other financial investments	12		52	92
Interest on deposits with ceding companies.....	13		53	93
Total	14	24,943	54	44,776
Adjustments to investment values:				
Land and buildings	15		55	95
Equity investments in group companies.....	16		56	96
Bonds issued by group companies	17		57	97
Other equity investments	18		58	98
Other bonds	19		59	99
Other financial investments.....	20		60	100
Total	21		61	101
Profits on sale of investments:				
Profit on sale of land and buildings	22		62	102
Profit on sale of equity investments in group companies	23		63	103
Profit on sale of bonds issued by group companies	24		64	104
Profit on sale of other equity investments	25		65	105
Profit on sale of other bonds	26	266	66	25
Profit on sale of other financial investments.....	27		67	107
Total	28	266	68	25
TOTAL	29	30,213	69	47,569
			109	77,782

Company VITTORIA ASSICURAZIONI S.p.A.

Year 2017

Income and non-realised capital gains relating to investments benefiting policyholders bearing the risk and investments stemming from pension fund management (caption II.3)

I. Investments relating to index-linked policies

	Amount
Income on:	
Land and buildings	1
Investments in group companies	2
Unit trust units	3 77
Other financial investments	4 73
- of which: bonds..... 5 72	
Other assets	6
Total	7 150
Profit on sale of investments	
Profit on sale of land and buildings	8
Profit on sale of investments in group companies	9
Profit on sale of unit trust units	10 356
Profit on sale of other financial investmentsi	11 8
- of which: bonds 12 8	
Other income.....	13 167
Total	14 531
Non-realised capital gains	15 2,083
TOTAL.....	16 2,764

II. Investments relating to pension fund management

	Amount
Income on:	
Investments in group companies.....	21
Other financial investments	22 474
- of which: bonds..... 23 362	
Other assets	24 63
Total	25 537
Profit on sale of investments	
Profit on sale of investments in group companies	26
Profit on sale of other financial investments.....	27 12
- of which: bonds 28 9	
Other income.....	29
Total	30 12
Non-realised capital gains	31 1,171
TOTAL	32 1,720

Company VITTORIA ASSICURAZIONI S.p.A.

Year 2017

Capital and financial charges (captions II.9 and III.5)

	Non-life business		Life business		Total	
Investment management and other charges						
Charges relating to equity investments	1	200	31	5	61	205
Charges relating to investments in land and buildings.....	2	3,051	32	995	62	4,046
Bond charges	3	17,365	33	9,603	63	26,968
Charges relating to unit trust units.....	4	294	34	21	64	315
Charges relating to shares in investment pools	5		35		65	
Other financial investment charges	6		36		66	
Interest on deposits from reinsurers	7	84	37	47	67	131
Total	8	20,994	38	10,671	68	31,665
Adjustments to investment values:						
Land and buildings	9	5,219	39	2,497	69	7,716
Equity investments in group companies	10	761	40		70	761
Bonds issued by group companies	11		41		71	
Other equity investments.....	12		42		72	
Other bonds	13	2,311	43		73	2,311
Other financial investments	14	2,766	44	2	74	2,768
Total	15	11,057	45	2,499	75	13,556
Loss on sale of investments						
Loss on sale of land and buildings	16		46		76	
Loss on sale of equity investments	17		47		77	
Loss on sale of bonds	18	714	48	315	78	1,029
Loss on sale of other financial investments	19	28	49		79	28
Total	20	742	50	315	80	1,057
TOTAL	21	32,793	51	13,485	81	46,278

Company VITTORIA ASSICURAZIONI S.p.A.

Year 2017

Capital and financial charges and non-realised capital losses relating to investments benefiting policyholders who bear the risk and investments stemming from pension fund management (caption II.10)

I. Investments relating to index-linked policies

	Amount
Management charges arising from:	
Land and buildings	1
Investments in group companies	2
Unit trust units	3 34
Other financial investments	4 1
Other assets	5 334
Total	6 369
Loss on sale of investments	
Loss on sale of land and buildings	7
Loss on sale of investments in group companies	8
Loss on sale of unit trust units	9 301
Loss on sale of other financial investments	10 14
Other charges.....	11 50
Total	12 365
Non-realised capital losses	13 531
TOTAL	14 1,265

II. Investments relating to pension fund management

	Amounts
Management charges arising from:	
Investments in group companies	21
Other financial investments	22 529
Other assets.....	23 1
Total	24 530
Loss on sale of investments	
Loss on sale of investments in group companies	25
Loss on sale of other financial investments	26 24
Other charges	27
Total	28 24
Non-realised capital losses	29 250
TOTAL	30 804

	Class 01 Accident insurance (name)	Class 02 Health insurance (name)
Direct insurance gross of outwards reinsurance		
Gross premiums accounted for	+ 1 90,826	1 13,832
Change in premium reserve (+ or -)	- 2 2,801	2 165
Charges relating to claims	- 3 29,248	3 8,563
Change in other technical reserves (+ or -) (1)	- 4	4
Other technical captions, net (+ or -)	+ 5 -1,395	5 -147
Management fees	- 6 32,004	6 4,267
Direct insurance technical result (+ or -)	A 7 25,378	7 690
Outwards reinsurance result (+ or -)	B 8 -389	8 -59
Indirect insurance net result (+ or -)	C 9 1	9
Change in equalisation reserve (+ or -)	D 10	10
Income on investments transferred from non-technical account	E 11	11
Result of technical account (+ or -)	(A + B + C - D + E) 12 24,990	12 631

	Class 07 Cargo insurance (name)	Class 08 Fire and natural events (name)
Direct insurance gross of outwards reinsurance		
Gross premiums accounted for	+ 1 1,726	1 54,517
Change in premium reserve (+ or -)	- 2 154	2 826
Charges relating to claims	- 3 445	3 29,162
Change in other technical reserves (+ or -) (1)	- 4	4
Other technical captions, net (+ or -)	+ 5 -23	5 -920
Management fees	- 6 516	6 18,046
Direct insurance technical result (+ or -)	A 7 588	7 5,563
Outwards reinsurance result (+ or -)	B 8 -79	8 2,115
Indirect reinsurance net result (+ or -)	C 9	9 1
Change in equalisation reserve (+ or -)	D 10 5	10 164
Income on investments transferred from non-technical account	E 11	11
Result of technical account (+ or -) (A + B + C - D + E)	12 504	12,00 7,515

	Class 13 Third-party general liability (name)	Class 14 Credit insurance (name)
Direct insurance gross of outwards reinsurance		
Gross premiums accounted for	+ 1 57,827	1 -399
Change in premium reserve (+ or -)	- 2 2,415	2 -6,500
Charges relating to claims	- 3 30,578	3 -61
Change in other technical reserves (+ or -) (1)	- 4	4
Other technical captions, net (+ or -)	+ 5 -970	5
Management fees	- 6 18,644	6 50
Direct insurance technical result (+ or -)	A 7 5,220	7 6,112
Outwards reinsurance result (+ or -)	B 8 -503	8
Indirect reinsurance net result (+ or -)	C 9 52	9
Change in equalisation reserve (+ or -)	D 10	10
Income on investments transferred from non-technical account	E 11	11
Result of technical account (+ or -) (A + B + C - D + E)	12 4,769	12 6,112

(1) This caption includes changes in "Other technical reserves" as well as changes in "Profit participation and reimbursement reserve"

Year 2017

account by line of business - Domestic portfolio

Class 03 Motor vehicle hulls (name)	Class 04 Railway truck hulls (name)	Class 05 Aviation hulls (name)	Class 06 Marine hulls (name)
1 125,329	1	1 1	1 1,225
2 4,904	2 -2	2	2 26
3 67,844	3	3	3 1,045
4	4	4	4
5 -193	5	5	5 -38
6 35,591	6	6	6 285
7 16,797	7 2	7 1	7 -169
8 2,567	8	8	8 37
9	9	9	9
10 376	10	10	10
11	11	11	11
12 18,988	12 2	12 1	12 -132

Class 09 Miscellaneous damages (name)	Class 10 Third-party motor liability (name)	Class 11 Third-party aviation liability (name)	Class 12 Third-party marine liability (name)
1 51,046	1 666,700	1 1	1 1,020
2 631	2 12,801	2	2 26
3 44,819	3 525,011	3 32	3 739
4	4	4	4
5 -517	5 -5	5	5 -1
6 15,658	6 122,405	6 3	6 185
7 -10,579	7 6,478	7 -34	7 69
8 5,814	8 -837	8 29	8 -2
9 1	9	9	9
10 70	10	10	10
11	11	11	11
12 -4,834	12 5,641	12 -5	12 67

Class 15 Bond insurance (name)	Class 16 Pecuniary losses (name)	Class 17 Legal protection (name)	Class 18 Support and assistance (name)
1 4,362	1 48,188	1 5,481	1 26,389
2 -5,697	2 -3,205	2 231	2 742
3 7,654	3 -1,390	3 409	3 10,363
4	4	4	4
5 -173	5 -66	5 -11	5 -55
6 1,174	6 13,097	6 1,535	6 7,201
7 1,058	7 39,620	7 3,295	7 8,028
8 -1,116	8 -42	8 -981	8 -1,969
9	9	9	9 2
10	10	10	10
11	11	11	11
12 -58	12 39,578	12 2,314	12 6,061

Summarised non-life business technical account
Domestic portfolio

	Direct insurance risk		Transferred risks 2	Indirect insurance risk		Retained risks Total 5 = 1 - 2 + 3 - 4
	Direct risk 1	Inwards reinsurance risks 3		Inwards reinsurance risks 4	Inwards reinsurance risks 5	
Premiums accounted for	1,148,071	36,729		101	41	1,111,443
Change in premium reserve (+ or -)	10,318	-3,787		-6	42	14,099
Charges relating to claims	754,461	39,612		44	43	714,893
Change in other technical reserves (+ or -) (1)					44	
Other technical captions, net (+ or -)	-4,514				45	-4,514
Management fees	270,661	5,489		7	46	265,179
Technical result (+ or -)	108,117	-4,585		56	47	112,758
Change in equalisation reserves (+ or -)					48	614
Income on investments transferred from non-technical account					49	
Result of technical account (+ o -)	108,117	-4,585		56	50	112,144

(1) This caption includes changes in "Other technical reserves" as well as changes in "Profit participation and reimbursement reserve"

Summarised life business technical account
Domestic portfolio

	Direct insurance risks		Indirect insurance risks		Retained risks Total 5 = 1 - 2 + 3 - 4	
	Direct risks 1	Transferred risks 2	Inwards reinsurance risks 3	Outwards reinsurance risks 4		
Premiums accounted for	191,144 11	1,157 21		31	41	189,987
Charges relating to claims.....	115,704 12	7,645 22		32	42	108,059
Change in mathematical and other technical reserves (+ or -) (*)	92,404 13	-5,198 23		33	43	97,602
Other technical captions, net (+ or -)	-233 14			34	44	-233
Management fees.....	15,823 15	197 25		35	45	15,626
Income on investments net of the portion transferred to the non-technical account (***).....	33,725	26			46	33,725
Result of technical account (+ or -)	705 17	-1,487 27		37	47	2,192

(*) The caption "other technical reserves" includes "other technical reserves" and "technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management".

(***) Algebraic sum of the items relating to the domestic portfolio included in captions II.2, II.3, II.9, II.10 and II.12 of the profit and loss account

Company VITTORIA ASSICURAZIONI S.p.A.Year 2017**Summarised life and non-life business technical accounts - foreign portfolio**

Section I: Non-life businesses

		Total lines of business
Direct insurance gross of outwards reinsurance		
Gross premiums accounted for	+	1
Change in premium reserve (+ or -).....	-	2
Charges relating to claims	-	3
Change in other technical reserves (+ or -) (1).....	-	4
Other technical captions, net (+ or -).....	+	5
Management fees	-	6
Direct insurance technical result (+ or -)		A
Outwards reinsurance result (+ or -)		B
Indirect insurance net result (+ or -).....		C
Change in equalisation reserves (+ or -)		D
Income on investments transferred from non-technical account		E
Result of technical account (+ or -)		(A + B + C - D + E)

Section II: Life business

		Total lines of business
Direct insurance gross of outwards reinsurance		
Gross premiums accounted for	+	1
Charges relating to claims	-	2
Change in mathematical and other technical reserves (+ or -) (2)	-	3
Other technical captions, net (+ or -)	+	4
Management fees	-	5
Income on investments net of the portion transferred to the non-technical account (3)	+	6
Direct insurance result gross of outwards reinsurance (+ or -)		A
Outwards reinsurance result (+ or -)		B
Indirect insurance net result (+ or -)		C
Result of technical account (+ or -)		(A + B + C)

(1) This caption includes changes in "Other technical reserves" as well as changes in "Profit participation and reimbursement reserve"

(2) The caption "other technical reserves" includes "other technical reserves" and "technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management".

(3) Algebraic sum of the items relating to the foreign portfolio included in captions II.3, II.2, II.3, II.9 and II.10 of the profit and loss account

Intercompany relationships

I: Income

	Parent companies	Subsidiaries	Related companies	Associated companies	Other companies	Total
Income on investments						
Income on land and buildings	2	3	4	5	6	
Dividends and other equity investments	8	9	10	55	1,744	1,799
Bonds	14	15	16	17	18	
Loans	20	350	22	14	21	385
Income on other financial investments	26	27	28	29	30	
Interest on deposits with ceding companies	32	33	34	35	36	
Total	38	350	40	69	1,765	2,184
Income and non-realised capital gains relating to investments benefiting policyholders bearing the risk and investments stemming from pension fund management	44	45	46	47	48	
Other income						
Interest on receivables	50	51	52	53	54	
Recovery of administrative costs and charges	56	31	58	19	60	50
Other income and recoveries	62	63	64	65	5	5
Total	68	31	70	19	5	55
Profit on sale of investments (*)	74	75	76	77	78	
Extraordinary income	80	81	82	83	84	
TOTAL	86	381	88	88	1,770	2,239

Intercompany relationships

II: Expense

	Parent companies	Subsidiaries	Associated companies	Related companies	Other companies	Total
Investment management charges and interest payable:						
Charges relating to investors	92	365 93	94	95	96	365
Interest on subordinated liabilities	98	99	100	101	102	
Interest on deposits from reinsurers.....	104	105	106	107	108	
Interest on payables arising from direct insurance business.....	110	111	112	113	114	
Interest on payables arising from reinsurance business.....	116	117	118	119	120	
Interest on sums due to banks and financial institutions.....	122	123	124	125	126	
Interest on secured debts.....	128	129	130	131	132	
Interest on other sums payable	134	135	136	137	138	
Losses on receivables.....	140	141	142	143	144	
Administrative and third party charges	146	147	148	149	150	
Other charges	152	153	154	155	156	
Total	158	365 159	160	161	162	365
Charges and non-realised capital losses on investments benefiting policyholders bearing the risk and investments stemming from pension fund management						
Loss on sale of investments (*)	164	165	166	167	168	
Extraordinary expense	170	171	172	173	174	
TOTAL.....	176	177	178	179	180	
	182	365 183	184	185	186	365

(*) With reference to the counterparty

Company VITTORIA ASSICURAZIONI S.p.A.

Summarised direct insurance premiums accounted for

	Non-life business		Life business		Total	
	Establishment	Freedom to provide services	Establishment	Freedom to provide services	Establishment	Freedom to provide services
Gross premiums accounted for:						
in Italy	1,147,946	5	191,144	15	1,339,090	25
in other EU countries	126	12	16	16	126	26
in non-EU countries		7		17		27
Total	1,147,946	8	191,144	18	1,339,090	28
						126

Company VITTORIA ASSICURAZIONI S.p.A.

Year 2017

Personnel expenses and directors' and statutory auditors' fees

I: Personnel expenses

	Non-life business	Life business	Total
Employees' expenses:			
Domestic portfolio:			
- Wages and salaries	1 35,687	31 3,177	61 38,864
- Social security contributions	2 9,272	32 826	62 10,098
- Accruals to the employees' leaving entitlement and similar provisions	3 2,307	33 205	63 2,512
- Other personnel expenses.....	4 3,597	34 320	64 3,917
Total	5 50,863	35 4,528	65 55,391
Foreign portfolio:			
- Wages and salaries	6	36	66
- Social security contributions.....	7	37	67
- Other personnel expenses	8	38	68
Total	9	39	69
Total.....	10 50,863	40 4,528	70 55,391
Consultants' fees:			
Domestic portfolio	11 49,855	41 583	71 50,438
Foreign portfolio	12	42	72
Total.....	13 49,855	43 583	73 50,438
Total personnel expenses.....	14 100,718	44 5,111	74 105,829

II: Allocation captions

	Non-life business	Life business	Total
Investment management charges.....	15 2,100	45 134	75 2,234
Charges relating to claims	16 58,946	46 396	76 59,342
Other acquisition costs	17 18,550	47 1,767	77 20,317
Other administrative costs	18 20,759	48 2,776	78 23,535
Administrative and third party charges	19	49	79
Other technical captions	20 363	50 38	80 401
Total	21 100,718	51 5,111	81 105,829

III: Average number of employees for the year

	Number
Managers	91 25
White collars	92 516
Blue collars	93
Other	94
Total.....	95 541

IV: Directors and statutory auditors

	Number	Fees
Directors	96 15	98 4,070
Statutory auditors	97 3	99 266

Management attestation

Attestation of local annual financial statements pursuant to Article 81/3 of CONSOB Regulation no. 11971 of 14 May 1999 as subsequently amended and supplemented

1. The undersigned Cesare Caldarelli (as Chief Executive Officer) 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 administrative and accounting procedures for formation of financial statements during the period 1 January 2017 - 31 December 2017.

2. In this respect no remarks emerged besides what already reported in Director's report to the financial report as at 31 December 2017.

3. It is also attested that:

3.1 the financial statements as at 31 December 2017:

- a) Having been prepared in compliance with (a) the Italian Civil Code, (b) the requirements indicated in Italian Legislative Decree no. 173 of 26 May 1997, (c) the Italian Legislative Decree no. 209 of 7 September 2005, and (d) applicable ISVAP (Italian insurance regulator – now IVASS) ordinances, regulations, and circulars, are – to the best of their knowledge – such as to provide fair and true representation of the assets and liabilities, profit or loss, and financial position of the issuer.
- b) Match corporate books and accounting records

3.2 the directors' report contains a reliable analysis of the business outlook and management result, the financial position of the issuer and a description of the main risks and uncertain situation to which they are exposed.

Milan, 15th March 2018

Cesare Caldarelli
Chief Executive Officer

Luca Arensi
*Manager Charged with
preparing the financial reports*

Board of Statutory Auditors' Report

STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS OF VITTORIA ASSICURAZIONI S.P.A. PURSUANT TO ART. 153 OF LEGISLATIVE DECREE NO. 58/98, OF LEGISLATIVE DECREE NO. 39/2010 AND ART. 2429, PARAGRAPH 3, CIVIL CODE

Dear Shareholders

During 2017, we carried out the supervisory activities as required by Law, and in particular by art. 149 of Legislative Decree N. 58/98 and by art. 2403 Civil Code, by the communications from CONSOB (the Italian stock exchange authority) and IVASS (the Italian insurance regulatory authority Institute), as well as by consolidated professional practices.

In reporting the activities carried out, we expose the following.

As a preliminary matter, the Board of Statutory Auditors reports that on 24 May 2017, Ivass registered Yafa SpA. as the Parent Company of the Vittoria Assicurazioni Group at no. 008 of the Register established pursuant to art. 210-ter of Legislative Decree 7 September 2005 n. 209 (Code of Private Insurance). Registration is the final act of a process of adaptation to the new provisions of the Private Insurance Code as amended by Legislative Decree no. 74/2015, implementing Directive 2009/138/CE (Solvency II) and the implementing Ivass Regulation no. 22 of 1 June 2016, which identify the Parent Company of an Insurance Group in the ultimate Italian parent company. The areas subject to the direction and coordination of the Parent Company Yafa S.p.A. are identified in the Group Regulations that did not affect the duties and responsibilities of the Board of Directors of Vittoria Assicurazioni with regard to the strategic guidelines for which it is responsible and in particular for decisions concerning business strategies, in compliance with the guidelines provided by the Parent Company . In this direction, Vittoria Assicurazioni has adopted a corporate governance system to guarantee compliance with the provisions of art. 37 of the Markets Regulation adopted by Consob resolution no. 16191 of October 29, 2007, applicable to listed companies subject to management and coordination by others.

In compliance with the tasks conferred upon the Board of Statutory Auditors by Legislative Decree. N. 58/98, we confirm that:

- we attended the meetings of the Board of Directors and obtained, at least quarterly, information on operations and on the most important economic, financial and equity transactions made by the company and its subsidiaries, ensuring that the decisions taken complied with the law and company mission and they were not in conflict of interest or in contrast with resolutions adopted in Shareholders' Meetings;
- we ascertained, insofar as it falls within our competence, compliance with the principles of proper management by the Directors in fulfilling their duties, with direct observations, gathering information from those responsible for administrative requirements and through meetings with the independent auditors aimed at sharing data and information;

- we monitored, during the financial year, the organizational structure, the internal control system and the administrative-accounting system and its reliability in correctly representing management events through:
 - ✓ obtaining information from the department managers, including the manager responsible for preparing the financial reports;
 - ✓ examining company documents and the reports of the Internal Audit and of the Compliance and Risk Management functions;
 - ✓ periodic meetings with the independent auditor who, during the year, informed us about the outcome of quarterly checks on proper bookkeeping;
 - ✓ dealing with the Supervisory Board pursuant to Legislative Decree N. 231/01, examining the periodic reports and receiving updates on the activities performed;
 - ✓ reviewing the minutes of the Strategies, Finance, Real Estate, Related Parties, Appointments and Compensation Committees;
 - ✓ participating in the Control and Risk Committee.

- we monitored the adoption of the organizational and procedural regulatory provisions envisaged by specific regulations such as Internal Dealing, Market Abuse and management and disclosure of privileged information.

Constant participation in the Control and Risks Committee enabled the Board of Statutory Auditors to coordinate with said Control and Risks Committee the execution of its Internal Control Committee functions and its auditing functions as provided by Article 19 of Legislative Decree 39/2010, and specifically to monitor:

- ✓ the financial reporting process;
- ✓ the effectiveness of internal control systems, internal audit and risk management;
- ✓ the profiles concerning the compliance with money laundering regulations;
- ✓ the statutory audit of annual and consolidated accounts;
- ✓ the matters relating to the independence of the external auditors, as attested in the Additional Report. With particular reference to the services provided other than statutory audit, during the financial year, four consulting services costing €155,000, other than statutory audit, were commissioned to Deloitte & Touche S.p.A., related to the audit of the Balance Sheet of Solvency II regime, to the examination of the agreed procedures for the estimation of capital requirements and activities related to the Declaration of a non-financial nature. These fees are considered adequate to the complexity and size of the work carried out and not such as to affect the independence of the statutory auditor.

On the basis of the activity carried out, the internal control system is adequate as a whole and no critical issues have emerged that should be reported in this report.

Board of Statutory Auditors also reports that carried out, where applicable, additional special audit in compliance with IVASS legislation.

In particular, the Board of Auditors acknowledges that it:

- monitored the compatibility of the general investment policies approved by the Board of Directors, pursuant to the Regulations ISVAP no. 36 of 31st January 2011 and IVASS no. 24 of 6th June 2016, with the economic and financial balance of the Company and the compliance of the same with the management acts;
- performed the required controls on the use of derivative financial instruments;

- verified the administrative procedures for handling, custody and accounting of financial instruments allocated to cover the technical liabilities, ensuring the instructions given to the depositary entities in order to sending periodic account statements with appropriate evidence of any restrictions;
- checked during the periodic monitoring freedom from constraints and the full availability of the assets allocated to cover the technical provisions;
- found correspondence with the register of assets covering technical provisions;
- carried out audits of the procedures required in money laundering legislation;
- received, in compliance with the Regulations ISVAP no. 24 of 19th May 2008 and IVASS n. 30 of 24th March 2015, quarterly reports on complaints prepared by the Internal Audit and that they did not reveal any critical situation or organizational shortcomings;
- met the members of the Supervisory Body established pursuant to Legislative Decree n. 231/01, which has set specific half-yearly reports to the Board of Directors and that such positions did not reveal any critical issues that need to be identified in this report;
- was directly updated by a member of this Board, member of the control body of the subsidiaries, in regard to the management, control and the general performance of their activities in accordance with art. 151, paragraph 2, of Legislative Decree no. 58/98 and CONSOB communication DAC/RM/97001574 dated 20th February 1997;
- verified that the Company has put in place regulations, procedures and structures aimed at monitoring the insurance, financial, credit and business risks, in accordance with ISVAP regulation no. 20/2008 and the changes in force since 30th June 2014 and the guidelines of the letter to market issued by IVASS on 15th April 2014;
- took note of actions taken to comply with Solvency II regulations, which took effect from 1st January 2016, as described in the Management Report, and in particular:
 - ✓ the updating of the already in place policies and the finalization of the remaining policies required by the regulations;
 - ✓ the request to Ivass for the use of the USP (Undertaking Specific Parameters), for the calculation of the S.C.R. (solvency capital requirement) for non-life pricing risk and for non-life reservation risk, approved by the Supervisory Authority on 11 May 2017;
 - ✓ the indication in the Management Report of information about the solvency situation under Solvency II metrics, in accordance with ISVAP regulation no. 22 of 4th April 2008, as amended by IVASS Instruction no. 53 of 6th December 2016;
- found the proper operation of the procedures relating to related parties.

In compliance with CONSOB recommendations, the Statutory Auditors state that:

- information provided by the Board of Directors, also specifically regarding subsidiaries, intercompany transactions and transactions with related parties are considered adequate;
- as far as we know there were no atypical or unusual transactions carried out either with Group companies or related parties, and even with third parties, as evidenced by the Directors in the Management Reports;
- ordinary transactions with Group companies and related parties are carried out at market conditions and respond to the interest of the Company and are performed in compliance with the specific procedure approved by the Board of Directors; they are

described in the Management Reports with details of their entity and their economic effects on the operating result;

- during 2017 no.9 meetings of the Board of Auditors were held, including no.9 meetings in joint with the Control and Risk Committee; the Statutory Auditors attended all of 9 meetings of the Board of Directors;
- instructions given by the Company – as issuer - to the subsidiaries for the fulfillment of the disclosure requirements pursuant to Article 114, paragraph 2, of Legislative Decree no. 58/98, are considered to be adequate;
- during the year under review, the Board has issued, pursuant to the law, the following opinions:
 - ✓ two opinions on the remuneration of Directors with special duties;
 - ✓ one opinion on the adoption of the procedure for the management of transactions with related parties;
 - ✓ one opinion on the assignment of non-auditing positions.
- no significant events have been reported since the end of the financial year;
- the Company has adopted the Corporate Governance Code established by the Committee for Corporate Governance of Listed Companies. The Board of Directors has adopted and periodically updated it by giving it concrete implementation, in the terms indicated in its related report to the Shareholders' Meeting;
- the Company verified the actual independence of the independent directors and we confirm that we have verified the correct application of the criteria and procedures adopted by the Board of Directors, as well as the persistence of our independence as required the Self-Regulation Code;
- we have no comments on the Remuneration Report for 2017 prepared in accordance with ISVAP Regulation no.39 of 9th June 2011 and submitted for approval to the Shareholders' Meeting;
- we have no observations regarding the Corporate Governance Report and the 2017 ownership structure, prepared in accordance with the instructions for the Regulation of the Organized Markets managed by Borsa Italiana S.p.A. and to the Consolidated Law on Finance;
- as a result of the supervisory activity performed, we have no observations regarding the Consolidated Non-Financial Statement for 2017 financial year, prepared for the first time by the Company pursuant to Legislative Decree 254/2016;
- during the year we have received no complaints pursuant to art. 2408 of the Italian Civil Code C.C., nor any other exposures pursuant to Article 2409 of the Italian Civil Code.

The Company has drawn up the Financial Statements and the Consolidated Financial Statements according to (as required by law) the National Accounting Principles (the Financial Statements) and IAS / IFRS accounting principles, such as endorsed by the EU (Consolidated Financial Statements).

The actuarial function has prepared the reports on the technical provisions of the Life and Non-Life businesses (only for the TPL Lob). The Chief Executive Officer and the Manager responsible for preparing the accounting and corporate documents have issued the declarations and attestations provided for by art. 154-bis of the TUF.

With regard to these financial statements, the independent auditor Deloitte & Touche S.p.A. today released audit reports in accordance with Articles no.14 and no.16 of Legislative Decree no. 39/10 for the Financial Statements and the Group Consolidated

Financial Statements at 31st December 2017 drawn up in compliance with the International Financial Reporting Standards - IFRS adopted by the European Union.

As foreseen by the innovated article 10 of the Regulation (EU) n. 537/2014, the aforementioned Reports have also identified the "key aspects of the audit" pursuant to the law.

These reports were issued with no qualifications or requests for additional disclosures, also expressing consistency judgment with the financial statements, the Management Reports and the information contained in the Report on Corporate Governance and Ownership Structure as well as the judgment of the sufficiency of technical provisions. The audit firm has today released the Additional Report required by art. 11 of Regulation (EU) 537/2014 concerning the financial statements of Vittoria Assicurazioni and the consolidated financial statements as at 31st December 2017.

The Audit firm Deloitte & Touche S.p.A. has also today released the certification pursuant to art. 3, paragraph 10 of Legislative Decree no. 254/16 on the Consolidated Non-Financial Statement for 2017 financial year.

Dear Shareholders

taking into account the foregoing considerations, the Board sees no impediment to the approval of the financial statements at 31st December 2017, as prepared by the Board of Directors, and issues a favorable opinion on the proposal made for the allocation of profit of the year:

€170,866 to the legal reserve, €59,408,197 to available reserves and €18,866,099 as dividends.

Milan, 29th March 2018

THE BOARD OF STATUTORY AUDITORS

Giuseppe Cerati

Giovanni Maritano

Francesca Sangiani

Report of Independent auditors

**RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE AI SENSI DELL'ART. 14 DEL D. LGS.
27 GENNAIO 2010, N. 39, DELL'ART. 10 DEL REGOLAMENTO (UE) N. 537/2014
E DELL'ART. 102 DEL D. LGS. 7 SETTEMBRE 2005, N. 209**

**Agli Azionisti di
Vittoria Assicurazioni S.p.A.**

RELAZIONE SULLA REVISIONE CONTABILE DEL BILANCIO D'ESERCIZIO

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio di Vittoria Assicurazioni S.p.A. ("Società"), costituito dallo stato patrimoniale al 31 dicembre 2017, dal conto economico per l'esercizio chiuso a tale data e dalla nota integrativa.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2017 e del risultato economico per l'esercizio chiuso a tale data in conformità alle norme italiane che ne disciplinano i criteri di redazione.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio* della presente relazione.

Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Aspetti chiave della revisione contabile

Gli aspetti chiave della revisione contabile sono quegli aspetti che, secondo il nostro giudizio professionale, sono stati maggiormente significativi nell'ambito della revisione contabile del bilancio dell'esercizio in esame. Tali aspetti sono stati da noi affrontati nell'ambito della revisione contabile e nella formazione del nostro giudizio sul bilancio d'esercizio nel suo complesso; pertanto su tali aspetti non esprimiamo un giudizio separato.

Valutazione del patrimonio immobiliare

Descrizione dell'aspetto chiave della revisione

Nel bilancio d'esercizio chiuso al 31 dicembre 2017 risultano iscritti "Terreni e Fabbricati - immobili destinati all'esercizio dell'impresa" per € 84,3 milioni, "Terreni e Fabbricati - immobili ad uso di terzi" per € 103,4 milioni nonché "Investimenti in imprese del gruppo ed in altre partecipate - azioni e quote di imprese" per € 528,6 milioni che includono investimenti partecipativi aventi ad oggetto sviluppo e valorizzazione di immobili ("società immobiliari").

Come indicato nella nota integrativa nella "Parte A – Poste relative agli investimenti" i "Terreni e Fabbricati" e gli "Investimenti in Imprese del Gruppo ed in altre partecipate" sono considerati attivi patrimoniali ad utilizzo durevole. I "Terreni e Fabbricati" sono iscritti al costo di acquisizione e, in caso di utilizzazione limitata nel tempo, soggetti ad un processo di ammortamento sistematico in relazione alla residua possibilità di utilizzazione. Gli "Investimenti in Imprese del Gruppo ed altre partecipate" sono iscritti al costo d'acquisizione comprensivo degli oneri accessori; il costo d'acquisizione viene eventualmente rettificato, per tenere conto anche delle perdite durevoli di valore desumibili dai bilanci approvati delle società partecipate. Gli Amministratori della Società, al fine di quantificare il valore del patrimonio immobiliare e di identificare eventuali perdite durevoli di valore, hanno conferito l'incarico di svolgimento di perizie per la stima del valore degli immobili ad un esperto indipendente ("Esperto Indipendente"). Delle risultanze di dette perizie gli Amministratori hanno tenuto conto anche nella valutazione delle società immobiliari e nella conseguente identificazione di eventuali perdite durevoli di valore.

Le principali ipotesi valutative e i parametri che sono stati elaborati dall'Esperto Indipendente riguardano variabili finanziarie, quali il tasso di attualizzazione utilizzato, e variabili non finanziarie, relative principalmente alla determinazione dei canoni di affitto attesi e alla previsione delle tempistiche e dei flussi di cassa derivanti dalle aspettative di realizzo del patrimonio immobiliare.

In considerazione della soggettività delle componenti di stima insite nei modelli valutativi utilizzati per la determinazione del valore del patrimonio immobiliare, dell'elevata aleatorietà delle ipotesi valutative e dei parametri adottati e della rilevanza dell'ammontare degli immobili e delle società immobiliari iscritte nel bilancio d'esercizio, si ritiene che la valutazione del patrimonio immobiliare sia un elemento chiave dell'attività di revisione del bilancio d'esercizio di Vittoria Assicurazioni S.p.A. chiuso al 31 dicembre 2017.

Procedure di revisione in risposta agli aspetti chiave della revisione contabile

Le procedure di revisione, svolte anche avvalendoci del supporto di esperti appartenenti al *network* Deloitte, hanno incluso, tra le altre, le seguenti attività:

- comprensione del processo utilizzato dalla Società per l'identificazione delle perdite durevoli di valore degli immobili e delle società immobiliari;
- comprensione dei modelli valutativi, delle relative ipotesi e dei parametri adottati dall'Esperto Indipendente per la determinazione del valore del patrimonio immobiliare;
- analisi critica, per una selezione di immobili ritenuta rappresentativa di una porzione significativa del patrimonio immobiliare, delle perizie valutative predisposte dall'Esperto Indipendente, anche mediante il confronto con i più recenti dati di mercato e con le informazioni storiche a disposizione;
- ottenimento di informazioni, tramite discussione e incontri con la Direzione della Società, in merito alle trattative commerciali in corso;
- esame dei bilanci approvati delle società immobiliari al fine di verificare l'assenza di indicatori di perdite durevoli di valore;
- esame dell'informativa fornita dagli Amministratori nel bilancio d'esercizio con quanto previsto dal quadro normativo di riferimento.

Valutazione della riserva sinistri del ramo RCA

Descrizione dell'aspetto chiave della revisione

Nel bilancio d'esercizio chiuso al 31 dicembre 2017 risulta iscritta nella voce "Riserva Sinistri" dello stato patrimoniale la riserva sinistri afferente il ramo Responsabilità Civile Autoveicoli, inclusa la componente per Responsabilità Civile Veicoli Marittimi, Lacustri e Fluviali (congiuntamente "riserva sinistri del ramo RCA"), per € 814,7 milioni.

Nella "Parte A – Criteri di valutazione" della nota integrativa gli Amministratori riportano che la riserva sinistri rappresenta la prudente valutazione dei risarcimenti e delle spese di liquidazione stimati per i sinistri avvenuti e non ancora pagati in tutto o in parte. Detta valutazione è effettuata tenendo conto di tutti gli elementi che concorrono alla determinazione del fabbisogno di copertura del costo ultimo del sinistro. In particolare con riferimento ai rischi di massa quale il ramo RCA, caratterizzato da processi liquidativi lenti, gli Amministratori sottopongono la relativa riserva sinistri al controllo basato su metodologie statistico-attuariali al fine di verificarne la congruità rispetto al costo ultimo comprensivo di tutti i futuri oneri prevedibili e, qualora necessario, procedono all'integrazione della stessa.

Come indicato dagli Amministratori il processo di determinazione della riserva sinistri del ramo RCA si basa su una complessa attività di stima che include numerose variabili. Le principali assunzioni utilizzate nel controllo basato su metodologie statistico-attuariali riguardano le variabili tecniche, tra cui l'intervallo temporale di differimento dei pagamenti, le eliminazioni dei sinistri senza seguito, le riaperture e l'andamento evolutivo del costo dei sinistri, connesso all'anzianità di pagamento nonché a valutazioni prospettiche dello scenario economico.

La nota integrativa nella "Parte A – Criteri di valutazione" e nella "Parte B - Informazioni sullo stato patrimoniale e sul conto economico" riporta i criteri di valutazione seguiti nella stima della riserva sinistri del ramo RCA e le metodologie statistico-attuariali applicate per la verifica di congruità del costo ultimo prevedibile, che si basano sulla proiezione di dati storici.

In considerazione della significatività delle componenti di stima della riserva sinistri del ramo RCA, dell'elevata aleatorietà delle ipotesi valutative e dei parametri adottati nello sviluppo delle metodologie valutative per il controllo statistico-attuariale e della rilevanza dell'ammontare della riserva sinistri del ramo RCA iscritta nel bilancio d'esercizio, si ritiene che la valutazione della riserva sinistri del ramo RCA sia un elemento chiave dell'attività di revisione del bilancio d'esercizio di Vittoria Assicurazioni S.p.A. chiuso al 31 dicembre 2017.

Procedure di revisione in risposta agli aspetti chiave della revisione contabile

Le procedure di revisione, svolte anche avvalendoci del supporto di esperti appartenenti al *network* Deloitte, hanno incluso, tra le altre, le seguenti:

- comprensione del processo di formazione della riserva sinistri che ha incluso la conoscenza degli indirizzi gestionali, liquidativi e degli eventuali mutamenti intervenuti nel quadro normativo e regolamentare di settore;
- rilevazione e verifica dei controlli rilevanti posti in essere sul processo di stima della riserva sinistri del ramo RCA;
- svolgimento di procedure di verifica in relazione alla completezza e adeguatezza dei portafogli presi a riferimento e dei relativi dati di base;
- lettura ed analisi della relazione della Funzione Attuariale;
- svolgimento di analisi comparative attraverso il ricalcolo di opportuni indici osservati in serie storica e l'esame della loro correlazione con altri indicatori significativi. In particolare abbiamo analizzato opportuni indicatori tecnici e grandezze rilevanti confrontandoli con dati ed informazioni comparabili relativi a periodi precedenti e con dati di settore disponibili;
- confronto tra la stima della riserva sinistri effettuata nei periodi precedenti rispetto a quanto successivamente verificato ed analisi della natura dei relativi smontamenti;
- verifica, su una selezione di sinistri, della coerenza della stima della riserva alle evidenze gestionali e documentali e alle risultanze delle conferme scritte ottenute da parte dei legali esterni;
- analisi di ragionevolezza delle metodologie e delle principali ipotesi tecniche ed evolutive utilizzate per la stima della riserva sinistri del ramo RCA, anche mediante verifica di coerenza rispetto a quelle utilizzate nei precedenti esercizi, avuto riguardo a quanto disposto dalla normativa di riferimento;
- individuazione di un intervallo di valori ritenuti ragionevoli e verifica che la stima della riserva sinistri fosse inclusa in detto intervallo;

- esame dell'informativa fornita dalla Società nelle note al bilancio d'esercizio rispetto a quanto previsto dalla normativa applicabile.

Responsabilità degli Amministratori e del Collegio Sindacale per il bilancio d'esercizio

Gli Amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità alle norme italiane che ne disciplinano i criteri di redazione e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia.

Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori, inclusa la relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia

inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;

- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di *governance*, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Abbiamo fornito ai responsabili delle attività di *governance* anche una dichiarazione sul fatto che abbiamo rispettato le norme e i principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano e abbiamo comunicato loro ogni situazione che possa ragionevolmente avere un effetto sulla nostra indipendenza e, ove applicabile, le relative misure di salvaguardia.

Tra gli aspetti comunicati ai responsabili delle attività di *governance*, abbiamo identificato quelli che sono stati più rilevanti nell'ambito della revisione contabile del bilancio dell'esercizio in esame, che hanno costituito quindi gli aspetti chiave della revisione. Abbiamo descritto tali aspetti nella relazione di revisione.

Altre informazioni comunicate ai sensi dell'art. 10 del Regolamento (UE) 537/2014

L'Assemblea degli Azionisti di Vittoria Assicurazioni S.p.A. ci ha conferito in data 20 aprile 2012 l'incarico di revisione legale del bilancio d'esercizio e consolidato della Società per gli esercizi dal 31 dicembre 2012 al 31 dicembre 2020.

Dichiariamo che non sono stati prestati servizi diversi dalla revisione contabile vietati ai sensi dell'art. 5, par. 1, del Regolamento (UE) 537/2014 e che siamo rimasti indipendenti rispetto alla Società nell'esecuzione della revisione legale.

Confermiamo che il giudizio sul bilancio d'esercizio espresso nella presente relazione è in linea con quanto indicato nella relazione aggiuntiva destinata al Collegio Sindacale, nella sua funzione di comitato per il controllo interno e la revisione contabile, predisposta ai sensi dell'art. 11 del citato Regolamento.

RELAZIONE SU ALTRE DISPOSIZIONI DI LEGGE E REGOLAMENTARI

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39 e dell'art. 123-bis, comma 4, del D. Lgs. 24 febbraio 1998 n. 58

Gli Amministratori di Vittoria Assicurazioni S.p.A. sono responsabili per la predisposizione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari di Vittoria Assicurazioni S.p.A. al 31 dicembre 2017, incluse la loro coerenza con il relativo bilancio d'esercizio e la loro conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione e di alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, comma 4, del D. Lgs. 24 febbraio 1998, n. 58, con il bilancio d'esercizio di Vittoria Assicurazioni S.p.A. al 31 dicembre 2017 e sulla conformità delle stesse alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione e alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari sopra richiamate sono coerenti con il bilancio d'esercizio di Vittoria Assicurazioni S.p.A. al 31 dicembre 2017 e sono redatte in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, comma 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Giudizio ai sensi dell'articolo 102, comma 2, del D. Lgs 7 settembre 2005, n. 209 dei rami danni

In esecuzione dell'incarico conferitoci da Vittoria Assicurazioni S.p.A., abbiamo sottoposto a verifica, ai sensi dell'art. 102, comma 2, del D. Lgs. 7 settembre 2005, n. 209, le voci relative alle riserve tecniche dei rami danni, iscritte nel passivo dello stato patrimoniale del bilancio d'esercizio di Vittoria Assicurazioni S.p.A. chiuso al 31 dicembre 2017. È responsabilità degli Amministratori la costituzione di riserve tecniche sufficienti a far fronte agli impegni derivanti dai contratti di assicurazione e di riassicurazione. Sulla base delle procedure svolte ai sensi dell'art. 102, comma 2, del D. Lgs. 7 settembre 2005, n. 209, del Regolamento ISVAP del 4 aprile 2008, n. 22 e delle relative modalità applicative indicate nel chiarimento applicativo pubblicato da IVASS sul proprio sito in data 31 gennaio 2017, le suddette riserve tecniche, iscritte nel passivo dello stato patrimoniale al 31 dicembre 2017 di Vittoria Assicurazioni S.p.A., sono sufficienti in conformità alle vigenti disposizioni di legge e regolamentari e a corrette tecniche attuariali, nel rispetto dei principi di cui al Regolamento ISVAP del 4 aprile 2008, n. 22.

Giudizio ai sensi dell'articolo 102, comma 2, del D. Lgs. 7 settembre 2005, n. 209 dei rami vita

In esecuzione dell'incarico conferitoci da Vittoria Assicurazioni S.p.A., abbiamo sottoposto a verifica, ai sensi dell'art. 102, comma 2, del D. Lgs. 7 settembre 2005, n. 209, le voci relative alle riserve tecniche dei rami vita, iscritte nel passivo dello stato patrimoniale del bilancio d'esercizio di Vittoria Assicurazioni S.p.A. chiuso al 31 dicembre 2017. È responsabilità degli Amministratori la costituzione di riserve tecniche sufficienti a far fronte agli impegni derivanti dai contratti di assicurazione e di riassicurazione. Sulla base delle procedure svolte ai sensi dell'art. 102, comma 2, del D. Lgs. 7 settembre 2005, n. 209, del Regolamento ISVAP del 4 aprile 2008, n. 22 e delle relative modalità applicative indicate nel chiarimento applicativo pubblicato da IVASS sul proprio sito in data 31 gennaio 2017, le suddette riserve tecniche, iscritte nel passivo dello stato patrimoniale al 31 dicembre 2017 di Vittoria Assicurazioni S.p.A., sono sufficienti in conformità alle vigenti disposizioni di legge e regolamentari e a corrette tecniche attuariali, nel rispetto dei principi di cui al Regolamento ISVAP del 4 aprile 2008, n. 22.

Altri aspetti

La determinazione delle riserve tecniche è un complesso processo di stima che include numerose variabili soggettive la cui modifica può comportare una variazione del risultato finale. Abbiamo pertanto sviluppato un intervallo di valori ritenuti ragionevoli, in modo da tener conto del grado di incertezza insita in tali variabili. Ai fini della valutazione della sufficienza delle riserve tecniche, abbiamo verificato che tali riserve risultassero ricomprese in tali intervalli.

DELOITTE & TOUCHE S.p.A.



Vittorio Frigerio
Socio

Milano, 29 marzo 2018