Postevita
Posteassicura
GruppoAssicurativoPostevita

CONSOLIDATED INTERIM REPORT 2015

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CORPORATE OFFICERS

BOARD OF DIRECTORS(1)

Chairman	Luigi Calabria
Chief Executive Officer	Maria Bianca Farina
Director	Antonio Nervi
Director	Pasquale Marchese
Director	Bianca Maria Martinelli
Director	Dario Frigerio
Director	Salvatore Militello

BOARD OF STATUTORY AUDITORS(1)

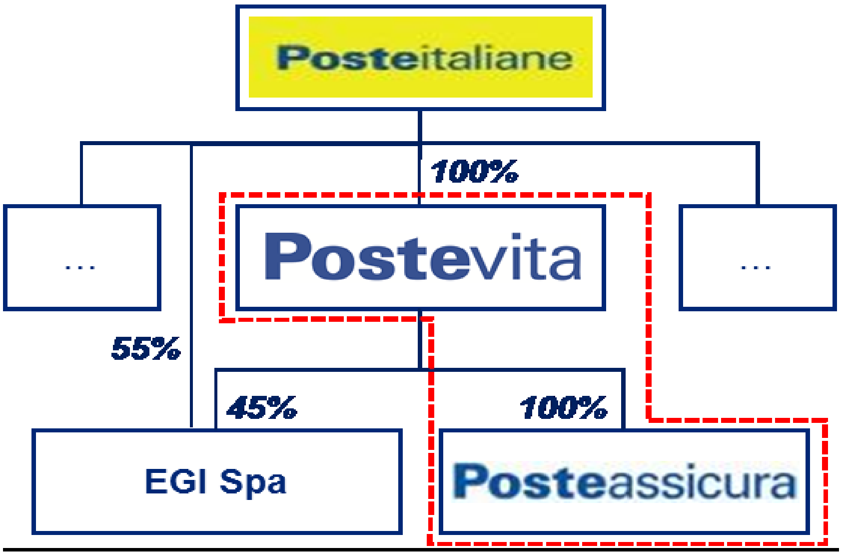
Chairman	Stefano Dell'Atti
Auditor	Marco De Iapinis
Auditor	Simona Arduini
Alternate	Franco Pichiorri
Alternate	Teresa Naddeo

INDEPENDENT AUDITORS(2) BDO Italia SpA

1. The Board of Directors and the Board of Statutory Auditors were appointed by the shareholders at the General Meeting held on 4 August 2014 and will serve for three-year terms of office, until approval of the financial statements for 2016. The Board of Directors appointed the Chief Executive Officer at their meeting of 5 August 2014.
2. Appointment approved by the shareholders at the General Meeting of 29 April 2014.

GROUP STRUCTURE

The insurance group's current structure and its scope of consolidation are briefly described below.



The Parent Company, Poste Vita, almost exclusively operates in the life insurance sector, and only marginally in the non-life sector.

The scope of consolidation includes solely Poste Assicura SpA, an insurance company founded in 2010 and that operates in non-life insurance, excluding motor insurance. This company is a wholly subsidiary of the Parent Company, Poste Vita, and is consolidated on a line-by-line basis.

The Parent Company also holds a non-controlling interest in Europa Gestioni Immobiliari SpA, a real estate company tasked with the management and development of Poste Italiane's properties no longer used in operations. This investment is accounted for using the equity method.

EXECUTIVE SUMMARY

During the first half of the year, the Poste Vita insurance group continued to focus on the following priorities:

- to consolidate and strengthen the Company's position in the life insurance and pensions market, with a particular focus on the supplementary pension segment and new emerging needs (primarily welfare and longevity);
- to grow the non-life insurance business, with a view to positioning the subsidiary Poste Assicura as a leading player in this market, partly by expanding the subsidiary's offerings.

The above strategy has resulted in **growth in EBITDA**, which is up from the €224.8 million of the first half of 2014 to €240.2 million for the same period of 2015. In contrast, profit before tax for the period is down approximately €56.5 million compared with the figure for the first half of 2014 (from €330.4 million to €273.9 million). This reflects the fact that the first-half result for 2014 benefitted from non-recurring income of approximately €70 million generated by the management of the Parent Company's free capital. After-tax profit for the period amounts to €165.4 million, compared with €201.4 million for the previous first half.

RECLASSIFIED INCOME STATEMENT (€m)

for the six months ended 30 June	2015			2014		
	Non-life business	**Life business**	**Total**	**Non-life business**	**Life business**	**Total**
Net premium revenue	34.2	9,442.5	**9,476.6**	26.6	8,222.6	**8,249.3**
Gross premium revenue	*47.3*	*9,449.1*	***9,496.4***	*38.6*	*8,228.7*	***8,267.3***
Outward reinsurance premiums	*(13.2)*	*(6.6)*	***(19.8)***	*(11.9)*	*(6.1)*	***(18.0)***
Fee and commission income			**0.0**			**0.0**
Net financial income from assets related to traditional products	1.7	1,253.2	**1,254.9**	2.1	1,394.0	**1,396.1**
Net financial income from assets related to index- and unit-linked products		191.4	**191.4**		435.1	**435.1**
Net change in technical provisions	(13.5)	(10,375.5)	**(10,389.1)**	(10.6)	(9,578.9)	**(9,589.5)**
Claims paid	*(10.1)*	*(3,751.8)*	***(3,761.8)***	*(8.3)*	*(2,655.9)*	***(2,664.2)***
Change in technical provisions	*(8.3)*	*(6,629.8)*	***(6,638.2)***	*(7.6)*	*(6,928.3)*	***(6,935.9)***
Share attributable to reinsurers	*4.9*	*6.0*	***10.9***	*5.3*	*5.3*	***10.6***
Investment management expenses	(0.3)	(17.8)	**(18.1)**	(0.1)	(15.4)	**(15.5)**
Acquisition costs and administrative expenses	(13.2)	(243.5)	**(256.7)**	(9.9)	(223.7)	**(233.6)**
Net commissions and other acquisition costs	(6.8)	(223.0)	**(229.8)**	(5.4)	(203.7)	**(209.1)**
Operating costs	(6.4)	(20.5)	**(26.8)**	(4.5)	(20.0)	**(24.5)**
Other revenues/(costs), net	(1.3)	(17.6)	**(18.9)**	(1.3)	(15.7)	**(17.0)**
EBITDA	**7.5**	**232.7**	**240.2**	**6.8**	**218.0**	**224.8**
Net financial income attributable to free capital		53.6	**53.6**		116.7	**116.7**
Interest expense on subordinated loans		(19.9)	**(19.9)**		(11.1)	**(11.1)**
PROFIT BEFORE TAX	**7.5**	**266.4**	**273.9**	**6.8**	**323.6**	**330.4**
Income tax expense	(2.2)	(106.3)	**(108.5)**	(1.7)	(127.3)	**(129.0)**
PROFIT FOR THE PERIOD	**5.3**	**160.1**	**165.4**	**5.1**	**196.3**	**201.4**

In the **life insurance business**, net premium revenue amounts to **€9.4 billion** (€8.2 billion in the first half of 2014), generated almost entirely from the sale of traditional products linked to separately managed accounts, with **inflows** totalling approximately €9.3 billion (€8.2 billion in the first half of 2014). However, in a market where products with a significant investment component are proving the most popular ("multi-line" and "unit-linked" products), the Group diversified its offering with the introduction of a new "multi-line" product, sales of which are still marginal, but which is expected to make a growing contribution to overall inflows in the future. Sales of regular premium products performed well (with over 90 thousand policies sold during the period), as did sales of the PostaPrevidenzaValore product which, with over 42 thousand policies sold during the first half and the total number of members approaching 750 thousand, enabled the Company to consolidate its role in the pensions market. Sales of pure risk policies (term life insurance) also performed well. These are sold in stand-alone versions, with over 10.9 thousand new policies sold during the period, whilst around 59.5 thousand were new policies, again of a pure risk nature, sold bundled together with financial obligations deriving from mortgages and loans sold through Poste Italiane’s network.

While the contribution of the **non-life business** to the Group’s results is still limited, sales in this area have performed well, with gross premium revenue of €47.3 million, up by approximately €8.8 million (23.3%) on the figure for the first half of 2014. During the first half of 2015, the Group focused on the development of specific marketing and commercial initiatives aimed at product offering increasingly based on a modular approach, capable of meeting the different needs of a very large customer base. In this context, the Company has created new property, asset protection and personal protection products for the retail segment (*Posteprotezione Innova Infortuni, Posteprotezione Innova Casa, Posteprotezione Innova Salute*). In the corporate segment, during the first half of 2015 the Company held talks with a number of utilities with a view to offering a home care insurance package to their electricity and/or gas customers. From 1 July 2015, Poste Assicura has entered into a collective contract with GDF Suez to offer home care insurance to its customers.

In terms of **investments**, during the first half the Company continued to pursue a strategy for separately managed accounts designed to increasingly match investments to insurance obligations and, at the same time, run a portfolio that can provide stable returns in line with the market. With ongoing economic uncertainty in Italy and in Europe, the portfolio remains primarily invested in Italian government securities and highly-rated corporate bonds. Furthermore, during the first half, the Company continued with the process of diversifying investments, begun in the second half of 2014, through investment in multi-asset, harmonised open-end funds of the UCITS (Undertakings for Collective Investment in Transferable Securities) type, whilst maintaining a moderate risk appetite. Returns on investments linked to separately managed accounts and on investment of the Company's free capital both registered good performances, reflecting an increase in assets under management and gains realised during the period. However, increased financial market volatility, above all in June as a result of the “Greek crisis”, was reflected in the value of the securities held by the Company, resulting in a reduction in overall gains from €9.6 billion at the beginning of the year to the current €7.7 billion.

With regard to of **organisational aspects**, during the first half of 2015 the Company continued to expand and develop the quality of its workforce, in step with its growing size and the increase in business. This has enabled it to follow up on the large number of projects in pursuit of growth and achieve continuing functional/infrastructural improvements in key business support systems. In particular, all the activities designed to ensure compliance with the Solvency II regulations, due to come into effect in 2016, continued. This includes adaptation of the Company’s governance model and organisational and operating structure, with a view to strengthening decision-making processes and optimising risk management procedures, in order to increase and safeguard value creation. In this regard, on 3 June and 15 July, the initial regulatory reports required under interim measures were submitted to IVASS (the insurance industry regulator) within the established deadline. In addition, work continued on the planning activities aimed at creating and implementing a more up-to-date integrated administrative and accounting system. This will enable more efficient and automated management of data production processes and all the documentation connected with mandatory requirements, at the same guaranteeing the completeness, accuracy and quality of data. Once again, in the first half of 2015 the impact of **administrative costs** continued to be far lower than the market average.

At 30 June 2015, **the Group's equity** amounts to **€3,086.9 million**, up €2.7 million compared with the beginning of the year due to: *i*) profit for the period; *ii*) the change in the valuation reserve for available-for-sale financial assets included in free capital (down €62.7 million); and *iii*) payment of a dividend of €100 million to the sole shareholder, Poste Italiane, as approved by the General Meeting of 27 April 2015.

As a result of the above changes in equity, the **Group's Solvency I ratio**, calculated on the basis of the consolidated financial statements, is 1.22 % at 30 June 2015 (1.26% at 31 December 2014).

Life business

(€m)

RECLASSIFIED INCOME STATEMENT	**Life business**			
for the six months ended 30 June	2015	2014	Increase/(decrease)	
Net premium revenue	9,442.5	8,222.6	1,219.9	15%
Gross premium revenue	9,449.1	8,228.7	1,220.4	15%
Outward reinsurance premiums	(6.6)	(6.1)	(0.5)	8%
Fee and commission income	0.0	0.0	0.0	0%
Net financial income from assets related to traditional products	1,253.2	1,394.0	(140.8)	-10%
Net financial income from assets related to index- and unit-linked products	191.4	435.1	(243.7)	-56%
Net change in technical provisions	(10,375.5)	(9,578.9)	(796.7)	8%
Claims paid	*(3,751.8)*	(2,655.9)	*(1,095.9)*	*41%*
Change in technical provisions	*(6,629.8)*	(6,928.3)	*298.5*	*-4%*
Share attributable to reinsurers	*6.0*	5.3	*0.7*	*13%*
Investment management expenses	(17.8)	(15.4)	(2.4)	15%
Acquisition costs and administrative expenses	(243.5)	(223.7)	(19.8)	9%
Net commissions and other acquisition costs	*(223.0)*	(203.7)	*(19.3)*	*9%*
Operating costs	*(20.5)*	(20.0)	*(0.5)*	*2%*
Other revenues/(costs), net	(17.6)	(15.7)	(1.9)	12%
EBITDA	**232.7**	**218.0**	**14.7**	**7%**
Net financial income attributable to free capital	53.6	116.7	(63.1)	-54%
Interest expense on subordinated loans	(19.9)	(11.1)	(8.8)	79%
PROFIT BEFORE TAX	**266.4**	**323.6**	**(57.2)**	**-18%**
Income tax expense	(106.3)	(127.3)	21.0	-17%
PROFIT FOR THE PERIOD	**160.1**	**196.3**	**(36.2)**	**-18%**

With regard to operations and portfolio performance, **net premium revenue** for the first half of 2015, net of outward reinsurance premiums, amounts to **€9,442.5 million**, up 15% on the €8,222.6 million of the first half of 2014.

Financial income for the first half, after fair value gains and losses, amounts to €1,594.6 million, marking an increase on the figure for the first half of 2014 (€1,575.6 million). This is despite a general backdrop subject to significant uncertainty and heavily impacted by falling interest rates. However, due to the financial trends remarked on above, the result was hit by the recognition of losses on financial assets at fair value though profit or loss, totalling €114 million, though these relate entirely to securities backing insurance liabilities and thus reflected in matching changes in the related reserves. As a result of this, **net financial income from assets related to traditional**

products totals €1,253.2 million, down on the €1,394 million of the previous first half. In order to provide an overall view of financial income and expenses for the first half, it should also be noted that the above-mentioned market trends also led to a reduction of approximately €1.8 billion in gains on available-for-sale financial assets. At 31 August 2015, however, the financial markets showed signs of an upturn compared with the first half of 2015.

The above financial market trends are also reflected in a reduction in **income from investments linked to index and unit-linked products**, amounting to approximately €191.4 million at the end of the period, compared with €435.1 million in the same period of 2014.

Claims paid to customers during the period amount to approximately €3.8 billion (€2.7 billion in the first half of 2014), inclusive of policy expirations of approximately €1.8 billion. Total surrenders accounted for 3.3% of initial provisions, compared with 3.9% for 2014 and much lower than the industry average.

The above operating and financial performance has resulted in a corresponding **change in technical provisions** of €6,629.8 million (€6,928.3 million in the first half of 2014).

Commissions and other acquisition costs, net of costs ceded to reinsurers, amount to approximately €223 million, up on the €204 million of the first half of 2014, reflecting the above business trends. Operating costs of €20.5 million are, on the other hand, in line with the first half of the previous year. The ratio of operating costs to both premium revenue and average technical provisions remains in line with 2014 and below market levels.

Partly as a result of the above, the life business generated a **gross profit** for the period of **€266.4 million** in the first half of 2015, marking a reduction of 18% compared with the same period of 2014. This primarily reflects non-recurring components recognised in the corresponding period of 2014.

Non-life business

(€m)

RECLASSIFIED INCOME STATEMENT	Non-life business			
for the six months ended 30 June	2015	2014	Increase/(decrease)	
Net premium revenue	34.2	26.6	7.5	28%
Gross premium revenue	47.3	38.6	8.8	23%
Outward reinsurance premiums	(13.2)	(11.9)	(1.2)	10%
Fee and commission income	0.0	0.0		
Net financial income from assets related to traditional products	1.7	2.1	(0.4)	-17%
Net financial income from assets related to index- and unit-linked products	0.0	0.0		
Net change in technical provisions	(13.5)	(10.6)	(2.9)	27%
Claims paid	*(10.1)*	*(8.3)*	*(1.7)*	*21%*
Change in technical provisions	*(8.3)*	*(7.6)*	*(0.7)*	*9%*
Share attributable to reinsurers	*4.9*	*5.3*	*(0.4)*	*-8%*
Investment management expenses	(0.3)	(0.1)	(0.2)	113%
Acquisition costs and administrative expenses	(13.2)	(9.9)	(3.3)	33%
Net commissions and other acquisition costs	*(6.8)*	*(5.4)*	*(1.4)*	*27%*
Operating costs	*(6.4)*	*(4.5)*	*(1.9)*	*41%*
Other revenues/(costs), net	(1.3)	(1.3)	(0.1)	5%
EBITDA	**7.5**	**6.8**	**0.8**	**11%**
Net financial income attributable to free capital	0.0	0.0		
Interest expense on subordinated loans	0.0	0.0		
PROFIT BEFORE TAX	**7.5**	**6.8**	**0.8**	**11%**
Income tax expense	(2.2)	(1.7)	(0.6)	34%
PROFIT FOR THE PERIOD	**5.3**	**5.1**	**0.2**	**4%**

Gross premium revenue in the non-life business, generated by policies sold in the six months under review, totalled approximately €47.3 million (up 23% on the same period of 2014). On an accruals basis, after outward reinsurance premiums, **net premium revenue** amounts to approximately €34.2 million (up 28% on the €26.6 million of 2014), partly benefitting from the release of €3.3 million in provisions for current risks.

During the first half of 2015, **claims expenses** (amounts paid and the change in technical provisions) amounted to €18.4 million. This item refers to the change in technical provisions for the period (inclusive of provisions for late lodgements), totalling €8.3 million, and claims paid, inclusive of settlement costs, of approximately €10.1 million for the period. Considering the reinsurers' share of €4.9 million, the net change in technical provisions amounts to €13.5 million at the end of the period, compared with the €10.6 million of 2014.

As a result of the business's performance and the value of claims, **the loss ratio**[1] (including provisions for claims incurred but not reported, or IBNR[2]) is 39.4% at the end of the first half of 2015, lower than the 42.6% of 30 June 2014 and lower than the latest figure for the industry as a whole (57.7% in 2014).

The intermediary, Poste Italiane, received **commissions** for distribution and collection activities of approximately €11.0 million (€9.0 million in the first half of 2014), which, net of commissions

[1] This indicator takes into account the reallocation of settlement costs, carried out in accordance with statutory requirements.
[2] IBNR (INCURRED BUT NOT REPORTED). Additional provisions for outstanding claims made to cover claims incurred but not yet reported at the reporting date.

received from reinsurers and the change in deferred acquisition costs registered in the period, amounts to a total of €6.8 million (€5.4 million for the first half of 2014).
With regard to of **organisational aspects**, during the first half of 2015, the Company continued to expand and develop the quality of its workforce, in step with its growing size and the increase in business. This has enabled it to follow up on the large number of projects in pursuit of growth and achieve continuing functional/infrastructural improvements in key business support systems. In particular, all the activities designed to ensure compliance with the Solvency II regulations, due to come into effect in 2016, continued. As a result, operating expenses amount to approximately €6.4 million, up on the €4.5 million of the first half of 2014.

Partly as a result of the above, the life business generated a **gross profit** for the period of €7.5 million for the six months ended 30 June 2015, up 11% on the same period of 2014.

Key performance indicators

Key performance indicators and the reclassified income statement and statement of financial position are shown below:

(€m)

FINANCIAL AND OTHER INDICATORS	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Equity	3,086.9	3,084.2	2.7	0.1%
Technical provisions	91,995.9	87,219.5	4,776.4	5.5%
No. of outstanding contracts	6,434,795	5,637,620	797,175	16.0%
Investments*	95,154.3	90,919.8	4,234.5	4.7%
Workforce	337	336	1	0.4%
Solvency ratio	1.22	1.26	-0.04	

OPERATING AND OTHER INDICATORS				
for the six months ended 30 June	2015	2014	Increase/(decrease)	
Premium revenue	9,496.4	8,267.3	1,229.1	14.9%
Profit for the period	165.4	201.4	- 36.0	-17.9%
Costs as a percentage of provisions**	0.06%	0.07%	0.0%	
Costs as a percentage of premiums***	0.28%	0.30%	-0.01%	

* including cash

** This indicator shows the ratio of annualised operating costs to average gross technical provisions at the beginning and end of the period.

*** This indicator shows the ratio of operating costs to gross premium revenue for the period.

(€m)

ASSETS	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Investments	**94,011.9**	**90,263.9**	**24,159.7**	**34.6%**
Investments in subsidiaries, associates and joint ventures	164.0	163.3	0.8	0.4%
Loans and receivables	161.0	726.4	- 565.3	n/s
Available-for-sale financial assets	77,525.9	77,012.8	513.1	0.9%
Financial assets at fair value through profit or loss	16,160.9	12,361.4	3,799.5	36.2%
Cash and cash equivalents	1,142.4	655.9	486.5	60.4%
Technical provisions ceded to reinsurers	**59.8**	**54.4**	**5.4**	**13.3%**
Other tangible and intangible assets	**24.5**	**20.8**	**3.7**	**27.2%**
Receivables and other assets	**1,967.9**	**1,329.4**	**638.5**	**49.4%**
TOTAL ASSETS	**97,206.4**	**92,324.4**	**4,882.1**	**6.8%**

(€m)

LIABILITIES AND EQUITY	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Equity	3,086.9	3,084.2	2.7	0.1%
Technical provisions	91,995.9	87,219.5	4,776.4	7.0%
Provisions for risks	10.7	10.7	-	0.0%
Payables and other liabilities	2,112.9	2,009.9	103.0	8.4%
TOTAL LIABILITIES AND EQUITY	**97,206.4**	**92,324.4**	**4,882.1**	**6.8%**

RECLASSIFIED INCOME STATEMENT				(€m)
for the six months ended 30 June	**2015**	**2014**	**Increase/(decrease)**	
Net premium revenue	9,476.6	8,249.3	1,227.4	14.9%
Gross premium revenue	*9,496.4*	*8,267.3*	*1,229.1*	14.9%
Outward reinsurance premiums	*(19.8)*	*(18.0)*	*(1.7)*	9.7%
Fee and commission income	0.0	0.0	0.0	0.0%
Net financial income from assets related to traditional products	1,254.9	1,396.1	(141.2)	-10.1%
Net financial income from assets related to index- and unit-linked products	191.4	435.1	(243.7)	-56.0%
Net change in technical provisions	(10,389.1)	(9,589.5)	(799.6)	8.3%
Claims paid	*(3,761.8)*	*(2,664.2)*	*(1,097.6)*	41.2%
Change in technical provisions	*(6,638.2)*	*(6,935.9)*	*297.8*	-4.3%
Share attributable to reinsurers	*10.9*	*10.6*	*0.3*	2.5%
Investment management expenses	(18.1)	(15.5)	(2.5)	16.3%
Acquisition costs and administrative expenses	(256.7)	(233.6)	(23.1)	9.9%
Net commissions and other acquisition costs	*(229.8)*	*(209.1)*	*(20.7)*	9.9%
Operating costs	*(26.8)*	*(24.5)*	*(2.3)*	9.6%
Other revenues/(costs), net	(18.9)	(17.0)	(2.0)	11.6%
EBITDA	**240.2**	**224.8**	**15.4**	**6.8%**
Net financial income attributable to free capital	53.6	116.7	(63.1)	-54.1%
Interest expense on subordinated loans	(19.9)	(11.1)	(8.8)	79.0%
PROFIT BEFORE TAX	**273.9**	**330.4**	**(56.5)**	-17.1%
Income tax expense	(108.5)	(129.0)	20.4	-15.8%
PROFIT FOR THE PERIOD	**165.4**	**201.4**	**(36.0)**	**-17.9%**

ECONOMIC AND MARKET ENVIRONMENT

Global economic activity continued to grow in the first half of 2015, though at a slower pace than in 2014, above all due to a slowdown in emerging economies. IMF estimates, published in July, indicate that there will be a softening of the global economy during the current year, following by an acceleration in 2016. The prospects for 2015 remain subject to uncertainty surrounding the pace at which US interest rates will rise, the slowing Chinese economy, declining commodity prices and instability in financial markets, above all those for equities. Among the most advanced economies, 2015 should see the US economy grow at the same rate recorded in 2014, before accelerating in 2016, with growth coming in at 3.0%. In 2016, the Eurozone is expected to build on the progress made in 2015, returning to growth of 1.0%. Emerging economies are expected to continue to experience diverging trends in the period 2015-2016: economic growth will remain strong in India, fall below 7.0% in China, and return to moderate levels of growth in Russia and Brazil after the negative performances recorded by both countries in 2015. Inflation will stay low in all the leading advanced economies, reflecting the fall in commodity prices and above all the decline in the oil price. The drop in the prices of non-energy commodities is due to the weakening of emerging economy fundamentals, above all in China, whilst the oil price also reflects excess supply as a result of OPEC's policies, increased production in the United States and the likely suspension of sanctions against Iran by the end of the year.

US GDP growth during the first six months of the year was close to 3.0%, driven by consumer spending and residential property investment. The Federal Reserve's monetary policy remains o subject to the differing performances of the labour market, where the rate of unemployment had fallen to 5.3% in June, in line with the Federal Reserve's long-term target, and inflation which, driven down by the dollar and the price of oil, remains a long way from the Fed's target of 2.0%.

The Eurozone saw GDP growth accelerate in the first half of 2015, compared with 2014, with growth of over 1.0% thanks to the European Central Bank's monetary policy, a relaxation of fiscal policy, a weakening of the currency and the low price of oil. All the major economies saw positive economic growth. German growth accelerated (up from 1.1% to 1.6%), whilst French GDP growth strengthened to around 1.0%, Spain saw growth of over 3% and Italy enjoyed its second consecutive quarter of recovery. The deflation registered in the first three months of the year was followed by moderate price inflation, which, however, remains a long way short of the BCE's target of 2% (from -0.6% in January to +0.2% in June). This trend reflects both falling energy prices and weak internal demand.

The ECB's macroeconomic forecasts in June point to GDP growth of 1.5% and 1.9% in 2015 and 2016, whilst inflation is expected to come in at 0.3% and 1.5%.

After four months of contraction, Japan returned to trend growth of 0.8%, thanks to the government's monetary stimulus and exports. After the growth spurt seen in 2014, the UK's GDP appears to have slowed, reflecting expectations of a rise in interest rates and the strengthening of sterling, which has hit exports and the country's productivity.

Emerging economies have weakened over the period. Among the BRIC countries (Brazil, Russia, India and China), GDP has continued to deteriorate in Brazil (five consecutive quarters of negative growth) and in Russia, both having been hit by falling commodity prices. Economic growth remains positive in India, where it has improved with respect to the end of 2014, and in China, which, in contrast, has seen a softening due primarily to a decline in exports. This slowdown is currently gradual, thanks to the authorities' attempts to support growth by cutting interest rates and the government's decision, in August, to devalue the yuan against the US dollar.

The central banks of the developed nations have continued with easy monetary policies and historically low interest rates. In the US, interest rates stayed within the range of 0.0%- 0.25%. The ongoing normalisation of the labour market and the moderate rise in inflation have helped, in terms of financial market expectations, to, on the one hand, put off the day when the authorities can start normalising monetary policy and, on the other, slow the rate at which interest rates have risen. As a result, the idea, prevailing at the beginning of the year, that the Federal Reserve would start raising interest rates in the second quarter has given way to the view, at the end of June,that the process of normalisation will begin in the last quarter of 2015.

As expected, following the monetary policy meeting of 22 January, the ECB announced its intention to launch a programme of Quantitative Easing (or "QE") in the first quarter of the year, with the aim of facilitating an improvement in the real economy and a rise in Eurozone inflation. QE began in March, with the ECB committed to injecting liquidity of €60 billion a month, in addition to the Asset Backed Securities (ABSs) and Covered Bonds (CBPP3) programmes launched in 2014. This will continue until September 2016 and, in any event, at least until inflation has fallen into line with the ECB's price stability target. At 30 June 2015, the Central Bank had purchased €216 billion in government securities, €98 billion in bonds issued by banks and €9 billion in ABSs. Purchases of Italian government securities amounted to €32 billion, with an average term to maturity of 8.8 years. Interest and deposit rates continue to remain at 0.05% and -0.20%.

Italian consumer spending dropped off slightly in the first quarter; increased investment in durable and semi-durable goods was offset by a slight fall in non-durables and a stagnant service sector. Purchases of durable goods (above all cars) also helped sustain consumer spending in the second quarter of 2015. In June, retail sales gave tentative signs of picking up across all channels, even in small stores, which have been in structural decline for many years. Given that substantially unchanged macroeconomic fundamentals (employment and income), it is hard to see exactly where the country will go from here. In spite of this, analysts are moderately optimistic. According to ISTAT, in June deseasonalized retail sales figures were 0.3% down compared with May 2015, but were up 1.7% year on year, the biggest rise since April 2014. In June 2015, Italian consumer spending showed timid signs of recovery, growing 1.7% compared with 2014. Inflation has also begun to increase, registering a rate of +0.2% in August.

ISTAT's monthly data for June reveals continuing uncertainty in the Italian labour market. The number of people in employment in June had fallen by 0.1%, with 22,000 less people employed compared with the previous month. Youth employment (people between 15 and 24) is down 2.5%. The employment rate is down 0.1% compared with May, at 55.8%. Compared with June 2014, employment is down 0.2% (40,000 less people in work), whilst the employment rate is unchanged.

Financial market trends

Despite monetary conditions remaining relaxed and low inflation, the yields on long-dated government bonds issued by the major advanced countries began to rise in the first six months of the year, compared with the recent historical lows. This reflects improved prospects for economic growth. At the end of June, the yields on 10-year government bonds in the USA, Germany, the UK and Japan stood at 2.35% (up 18 bps since the end of 2014), 0.76% (up 22 bps since the end of 2014), 2.02% (up 27 bps since the end of 2014) and 0.46% (up 13 bps since the end of 2014), respectively. Eurozone yields also rose, with the aggregate average yield for the euro area as a whole increasing from 1.26% at the end of 2014 to 1.55% at the end of June. The launch of the ECB's QE programme also offered some degree of "protection" for Eurozone government bonds, above all those of the so-called "peripheral" nations. This effectively softened the impact of certain events on spreads, even at times of heightened financial market volatility, such as during the Greek crisis and, more recently, when the yuan was devalued.

As specifically regards Italian government bonds, 2015 has seen a further decline in the yield on 10-year Italian Treasury Bonds (BTPs) through to mid-March, reaching a record low (since the birth of EMU) of 1.12%. After this, the yield began to increase, rising to above 2.0% at the beginning of June, before the height of the Greek crisis and the announcement of the referendum against the austerity imposed by the "Troika" raised the 10-year spread between Italian and German government bonds to 160 bps. From this moment, thanks to the ECB's QE programme and agreement on a new aid package for Greece, the yield on 10-year BTPs started falling again, with the renewed equity market volatility resulting from devaluation of the Chinese yuan only having a marginal impact.

The risk premium on euro-denominated investment grade corporate bonds has risen by approximately 60 basis points, returning to the levels seen in August 2014. In the high-yield segment, credit spreads on corporate bonds issued by companies with low credit ratings have risen for both euro and dollar issues.

Eurozone equity markets fell back in April as a result of events in Greece, before falling more sharply in August, following the Chinese government's decision to devalue the country's currency in order to support the Chinese economy. This had an impact on all the world's equity markets, with the S&P500, FTSE 100 and Nikkei 225 wiping out all the gains made since the beginning of the year. In Europe, on the other hand, the Eurostoxx 50 gave back only some the gains made, thanks to the ECB's Quantitative Easing. Market volatility increased in August, returning to the levels seen in 2011, in both the US and Europe.

Emerging markets saw a decline in capital inflows into both equities and, to a lesser extent, bonds, resulting in a weakening of currencies versus the US dollar, heighted equity market volatility and an increase in sovereign spreads. This reflected worsening macroeconomic prospects and the slowdown in the Chinese economy, resulting in the devaluation of the yuan. The assets and currencies of commodity-exporting countries were particularly hard hit, whilst China's equity indices saw sharp falls.

On the currency markets, the ECB's Quantitative Easing programme and expectations of a rise in US interest rates caused the euro to continue weakening against the dollar in 2015, falling to close to 1.05, before recovering some of the lost ground to stand at between 1.10 and 1.11.

The insurance market

The life insurance market continued to see strong growth in the first half of 2015. Just in terms of new business, growth was in excess of 20%, which is even more impressive given that 2014 was a record year in terms of premium revenue.

In terms of new policy sales, growth was less significant at under 8%, reflecting the fact that a large proportion of the rise in premium revenue was accounted for by single premium policies, up 11% in terms of policies sold. The average premium for these policies has risen to €30 thousand from €27 thousand at the end of the first half of 2014.

In percentage terms, new single premium policies accounted for just under 96% of all inflows, slightly up on the 95% of 2014. Whilst substantially in line with the figure for 2014, the structure of the single premium market in the first half of 2015 was different with respect to the past. Branch III policies, which include index- and unit-linked policies where the investment risk is borne by the policyholder, saw growth of almost 80%, compared with a decline of 3.5% in the more typical type of Branch I insurance policy. In terms of policy mix, Branch III accounted for 42% of total premium revenue in the first half of 2015. This marks a shift in the market towards investment-linked insurance policies, as opposed to the traditional type of insurance product. In terms of product, classic unit-linked policies accounted for almost 91% of total inflows into Branch III policies. The main driver of this shift in both demand and supply is the Italian and international economic situation, which has led customers to look for different forms of investment and led insurers to modify their offerings, as the market searches for more remunerative forms of investment. The offer of so-called multi-line products, which allow customers to combine separately managed and unit-linked components, has definitely contributed to this change. Whilst official figures are not yet available for this type of premium revenue, the significant growth seen in this segment of the insurance market in the early part of the year appears to indicate that this type of product, which offers an acceptable balance between security and returns, is making a significant contribution to the change in the premium revenue mix.

Whilst representing a limited proportion of premium revenue (just 1.5%), classic insurance products (pure risk and pension plans) accounted for almost 25% of new business in the first half of 2015. Clearly, the value of these inflows, made up of regular premiums collected over the very long term, is not to be found in the amount of the premiums collected in the year of issue, which given the nature of the policies is obviously low. Their value is rather to be found in the intrinsic financial and commercial nature of the products, which enable insurers to benefit from the automatic collection of regular premiums over time and to establish ongoing, long-term relationships with the households insured. In this regard, it should be noted that, after years of growth, sales of pension products have stopped rising, with almost zero growth in the first half of the year.

According to quarterly figures from ANIA (Italy’s National Association of Insurance Companies) for direct premiums written in the **non-life sector** in the second quarter of 2015, total premium revenue (Italian and overseas insurance companies) for direct written premiums in Italy amount to approximately €18.4 billion, marking a reduction of 1.8% compared with the second quarter of 2014. This reflects a significant reduction in vehicle insurance (down 5.9%), only partially offset by modest growth in premiums in other non-life classes (2.6%).

In detail, **all insurance companies** (Italian and EU and non-EU-registered insurers) saw premiums for third-party liability land vehicle insurance fall 5.9% compared with the first half of 2014 to €9.2 billion, whilst the land vehicle hulls class recorded premiums of €1.4 billion, slightly up on the same period of the previous year. The other non-life classes continued to see growth in the last few quarters, with premium revenue of €9.2 billion growing at the same rate seen in the first half of 2014 (up 2.6%).

In terms of **EU-registered insurers**, premium revenue amounts to €2.3 billion at the end of the first six months of 2015, up 3.7% on the same period of 2014. The premiums written by EU-registered insurers account for approximately 12.6% of the total.

The following table shows direct premiums written at 30 June 2015, compared with the same period of 2014:

PREMI LAVORO DIRETTO AL II TRIMESTRE 2015
Valori in milioni di euro

Rami	PREMI ITA ed EXTRA UE**	QUOTA MERCATO ITA ed EXTRA UE	PREMI UE***	QUOTA MERCATO UE	PREMI TOTALI	VAR.* % PREMI ITA ed EXTRA UE	VAR.* % PREMI UE	VAR.* % PREMI TOTALI
	al II trim. 2015	*al II trim. 2015*	*al II trim. 2015*	*al II trim. 2015*	*al II trim. 2015*	*2015/2014*	*2015/2014*	*2015/2014*
R.C. Autoveicoli terrestri	7.451	95,1%	384	4,9%	7.835	-7,0%	-10,4%	-7,2%
Corpi di veicoli terrestri	1.255	91,2%	121	8,8%	1.376	1,2%	9,4%	1,9%
Totale settore Auto	**8.706**	**94,5%**	**504**	**5,5%**	**9.211**	**-5,9%**	**-6,4%**	**-5,9%**
Infortuni	1.434	86,3%	229	13,7%	1.662	-0,4%	8,1%	0,7%
Malattia	1.033	93,7%	69	6,3%	1.102	2,0%	12,6%	2,6%
Corpi di veicoli ferroviari	3	92,5%	0	7,5%	3	19,4%	7,3%	18,4%
Corpi di veicoli aerei	13	65,0%	7	35,0%	20	-27,3%	12,2%	-17,1%
Corpi veicoli marittimi	112	76,2%	35	23,8%	147	7,2%	66,6%	17,1%
Merci trasportate	90	53,9%	77	46,1%	167	-2,2%	6,7%	1,7%
Incendio ed elementi naturali	1.027	86,2%	164	13,8%	1.191	0,5%	0,4%	0,5%
Altri danni ai beni	1.323	89,9%	149	10,1%	1.472	-0,4%	4,5%	0,0%
R.C. Aeromobili	5	54,2%	4	45,8%	9	-12,8%	-26,4%	-19,6%
R.C. Veicoli marittimi	17	93,0%	1	7,0%	18	-9,8%	24,0%	-8,0%
R.C. Generale	1.378	68,4%	635	31,6%	2.013	4,1%	9,3%	5,7%
Credito	32	12,2%	227	87,8%	259	-18,2%	8,5%	4,3%
Cauzione	183	74,2%	64	25,8%	247	-2,3%	11,3%	0,9%
Perdite pecuniarie	269	71,9%	105	28,1%	375	8,2%	-12,7%	1,4%
Tutela Legale	162	86,9%	24	13,1%	187	8,2%	5,9%	7,9%
Assistenza	303	91,5%	28	8,5%	332	11,2%	9,5%	11,1%
Totale altri rami danni	**7.383**	**80,2%**	**1.820**	**19,8%**	**9.203**	**1,6%**	**6,9%**	**2,6%**
Totale rami danni	**16.090**	**87,4%**	**2.324**	**12,6%**	**18.414**	**– 2,6%**	**3,7%**	**– 1,8%**

** Le variazioni % sono calcolate a perimetro di imprese omogeneo.*
*** Per imprese italiane ed extra-UE si intendono le imprese nazionali e le rappresentanze in Italia di imprese non facenti parte dello Spazio Economico Europeo e operanti in regime di stabilimento.*
**** Per imprese UE si intendono le rappresentanze in Italia di imprese aventi sede legale in paesi facenti parte dello Spazio Economico Europeo e operanti in regime di stabilimento; i dati si riferiscono alle sole imprese che hanno partecipato alla rilevazione.*

In terms of distribution channel, *agents* are the main channel for **Italian and non-EU insurers** (79.5%), though this is slightly down compared with the end of the second quarter of 2014 (80.7%). In contrast, the number of policies sold through *banks and post offices* is up to 4.6%, compared with 3.9% in the first half of 2014, with this channel most involved in the sale of Credit (42.4%) and Financial Loss (46.4%) policies. *Direct sales* are practically unchanged with respect to the first half of 2014, with in-house agents accounting for 4.2% (4.1% in the same period of 2014) and online sales for 3.4% (3.3% in 2014). Use of the web is up in the third-party liability land vehicle segment, where online sales account for close on 6% (5.4% in the previous year). Finally, *telephone sales* accounted for 1.6% of the total (1.7% in the first half of 2014). Direct sales (in-house agents, telephone and online sales) accounted for 8.5% of total sales in June 2015 (8.3% in the first half of 2014), as the following table shows:

DISTRIBUZIONE % PREMI LAVORO DIRETTO AL II TRIMESTRE 2015 (imprese italiane e rappresentanze imprese EXTRA-UE)

Rami	Agenti	Broker	Sportelli bancari	Promotori finanziari	Vendita diretta: Direzione-Agenzie in economia	Vendita diretta: Vendita telefonica	Vendita diretta: Internet	Totale
R.C. Autoveicoli terrestri	86,4	2,4	2,3	0,0	0,5	2,5	5,8	100,0
Corpi veicoli terrestri	78,6	10,1	2,5	0,0	2,3	2,1	4,4	100,0
Totale settore Auto	**85,3**	**3,5**	**2,3**	**0,0**	**0,8**	**2,5**	**5,6**	**100,0**
Infortuni	77,9	5,2	8,5	0,9	4,7	1,2	1,7	100,0
Malattia	42,6	21,4	8,2	1,7	26,0	0,0	0,1	100,0
Corpi veicoli ferroviari	52,2	40,6	0,0	0,0	7,2	0,0	0,0	100,0
Corpi veicoli aerei	12,7	86,3	0,0	0,0	1,0	0,0	0,0	100,0
Corpi veicoli marittimi	46,6	52,8	0,0	0,0	0,7	0,0	0,0	100,0
Merci trasportate	52,4	42,9	0,0	0,0	4,6	0,0	0,1	100,0
Incendio ed elementi naturali	80,3	9,1	7,6	0,2	2,5	0,1	0,1	100,0
Altri danni ai beni	83,1	11,4	3,2	0,1	2,0	0,1	0,1	100,0
R.C. Aeromobili	15,6	79,3	0,0	0,0	5,1	0,0	0,0	100,0
R.C. Veicoli marittimi	93,0	4,6	0,4	0,0	0,2	0,8	0,9	100,0
R.C. Generale	83,1	8,3	3,5	0,1	4,7	0,1	0,1	100,0
Credito	29,6	20,2	42,4	0,0	7,8	0,0	0,0	100,0
Cauzione	79,4	14,1	0,1	0,0	6,4	0,0	0,0	100,0
Perdite pecuniarie	37,5	9,9	46,4	0,6	4,0	0,7	1,0	100,0
Tutela legale	75,8	7,1	8,2	0,1	1,3	2,7	4,9	100,0
Assistenza	79,0	4,8	5,8	0,3	1,4	3,0	5,8	100,0
Totale altri rami danni	**72,6**	**11,6**	**7,4**	**0,5**	**6,6**	**0,5**	**0,8**	**100,0**
Totale danni	**79,5**	**7,2**	**4,6**	**0,2**	**3,5**	**1,6**	**3,4**	**100,0**

Valori percentuali

The main distribution channels used by **EU-registered insurers** are agents (40.9% of the total) and brokers (43.7%).

OPERATING REVIEW

In the first half of 2015, **total premiums** continued to grow, with total premium revenue, net of outward reinsurance premiums, totalling **€9,476.6 million**, up 14.9% on the €8,249.3 million of the first half of 2014. The table below breaks down premiums by life and non-life businesses:

(€m)				
Premium revenue for the six months ended 30 June	**2015**	**2014**	**Increase/(decrease)**	
Branch I	9,302.1	7,877.2	1,424.9	18.1%
Branch III	88.8	14.2	74.6	525.1%
Branch IV	4.4	0.6	3.8	636%
Branch V	53.8	336.7	(282.9)	(84.0%)
Gross "Life" premium revenue	9,449.1	8,228.7	1,220.4	14.8%
Outward reinsurance premiums	(6.6)	(6.1)	(0.5)	7.7%
Net "Life" premium revenue	***9,442.5***	***8,222.6***	***1,219.9***	***14.8%***
Non-life premiums	47.8	44.9	2.8	6.3%
Outward reinsurance premiums	(12.4)	(12.8)	0.4	(3.0%)
Change in premium reserve	(0.4)	(6.4)	6.0	(93.4%)
Change in share of premium reserve attributable to reinsurers	(0.8)	0.8 -	1.6	(195.1%)
Net "Non-life" premium revenue	***34.2***	***26.6***	7.6	**28.4%**
Net premium revenue for the period	**9,476.6**	**8,249.3**	**1,227.3**	**14.9%**

Life business

As noted above, the commercial strategy focused primarily on the sale of Branch 1 and V investment and savings products (traditional separately managed accounts), with **premium revenue** amounting to approximately €9.3 billion (€8.2 billion in the first half of 2014). A marginal contribution came from the sale of Branch III products. Overall, premium revenue amounts to **€9.4 billion** (€8.2 billion in premium revenue in the first half of 2014).

As mentioned previously, sales of regular premium products performed well (with over 90 thousand policies sold during the period), as did sales of the PostaPrevidenzaValore product which, with over 42 thousand policies sold during the first half and the total number of members approaching 750 thousand, enabled the Company to consolidate its role in the pensions market. Sales of pure risk policies (term life insurance) also performed well. These are sold in stand-alone versions, with over 10.9 thousand new policies sold during the period, whilst around 59.5 thousand were new policies, again of a pure risk nature, sold bundled together with financial obligations deriving from mortgages and loans sold through Poste Italiane's network.

(€m)				
Breakdown of gross premium revenue for the "Life" business for the six months ended 30 June	**2015**	**2014**	**Increase/(decrease)**	
Regular premiums	**737.6**	**494.6**	**243.0**	***49.1%***
- of which first year	304.30	*207.7*	*96.6*	46.5%
- of which subsequent years	433.30	*286.9*	*146.4*	*51.0%*
Single premiums	8,711.5	7,734.1	977.4	12.6%
Total	**9,449.1**	**8,228.7**	**1,220.4**	**14.8%**

Non-life business

A total of 148 thousand new non-life contracts were sold in the first half, marking a 23% reduction compared with the previous year and an average of approximately 1,081 contracts sold each day (1,288 contracts a day in the first six months of 2014). The reduction compared with the same period of 2014 primarily reflects a decrease in new business, above all in the CPI (Credit

Protection Insurance) segment. In contrast, the average value of contracts rose from €134 in the first half of 2014 to €167 in the first half of 2015. The table below shows new business for the period, by line of business:

(€m)

Total policies in the six months ended 30 June	2015	% share	2014	% share	Increase/ (decrease)	% inc/ (dec)
Goods and property	17,451	12%	14,783	8%	2,668	18%
Personal insurance	72,566	49%	113,650	59%	(41,084)	(36.1%)
Credit protection	57,575	39%	63,534	33%	(5,959)	(9.4%)
Total	**147,592**	**100.0%**	**191,967**	**100%**	**(44,375)**	**-23.1%**

As a result of the above operating performance, and taking into account components relating to previous years, at 30 June 2015, gross non-life premium revenue amounts to approximately €47.8 million (up 6.4 % on the same period of the previous year). The following table shows a breakdown by line of business:

Gross premium revenue for the six months ended 30 June (€000)	2015	% share	2014	% share	Increase/ (decrease)	% inc/ (dec)
Accident	18.8	38.6%	16.7	37%	2.1	12.8%
Medical	4.0	8.0%	4.0	9%	(0.0)	(0.5%)
Other Damage to Property	2.3	6.4%	2.2	5%	0.1	3.0%
Fire and Natural Disaster	3.3	8.8%	3.3	7%	0.0	0.4%
General Third Party Liability	5.8	14.7%	5.4	12%	0.4	6.9%
Financial Loss	9.4	17.4%	9.9	22%	(0.5)	(5.2%)
Legal Expenses	1.2	2.4%	1.0	2%	0.2	19.2%
Assistance	3.0	3.7%	2.4	5%	0.6	25.5%
Total	**47.8**	**100.0%**	**44.9**	**100%**	**2.9**	**6.4%**

Payments and change in technical provisions

Claims paid during the period amount to a total of €3,761.8 million, compared to €2,664.2 million in the comparable period of the previous year, divided as follows:

(€m)

Payments in the six months ended 30 June		2015	2014	Increase/(decrease)	
Non-life insurance					
Claims paid		8.7	7.3	1.4	19.2%
Costs of settling claims		1.4	1.0	0.4	35.0%
Total non-life insurance claims paid		**10.1**	**8.3**	**1.8**	**21.1%**
Life insurance					
Amounts paid		3,747.7	2,651.3	1,096.4	41.4%
of which:	*Surrenders*	1,316.3	1,271.2	45.1	3.5%
	Maturities	1,941.5	981.8	959.7	97.7%
	Claims	489.9	398.2	91.6	23.0%
Costs of settling claims		4.1	4.6	(0.5)	-10.6%
Total life insurance claims paid		**3,751.8**	**2,655.9**	**1,095.9**	**41.3%**
Total		**3,761.8**	**2,664.2**	**1,097.7**	**41.2%**

Total claims paid during the first half of 2015 on life policies amount to €3,751.8 million, compared with €2,655.9 million in the comparable period. As the following table shows, the increase primarily reflects an increase in the number of Branch III policies maturing, as noted above.

Surrender costs amount to approximately €1,316.3 million, in line with the figure for 2014 (€1,271.2 million), representing 3.3% of initial provisions, compared with 3.9% in the previous year. This continues to be much lower than the industry average.

The change in technical provisions, equal to €6,638.2 million (€6,935.9 million in the first half of 2014,) primarily refers to a matching increase in insurance liabilities, reflecting the above-mentioned operating performance and the performance of net financial income. The modest slowdown in the rate of growth of technical provisions is also due to an increase in overall payouts and the impact of the financial performance, whose effects are reflected in DPL provisions.

(€m)

Change in technical provisions in the six months ended 30 June	**2015**	**2014**	**Increase/(decrease)**	
Non-life technical provisions	**8.33**	**7.60**	**0.73**	**9.7%**
Mathematical provisions for Branch I, IV and V	7,143.3	6,799.3	344.1	5%
Mathematical provisions Branch III	-391.6	56.0	-606.7	-387%
DPL provisions	-120.8	64.4	162.5	-118%
Other technical provisions	-1.1	8.6	-9.7	-113%
Total life technical provisions	**6,629.8**	**6,928.3**	**-298.5**	**-4.3%**
Total	**6,638.2**	**6,935.9**	**-297.7**	**-4.3%**

The change in life technical provisions, amounting to €6,629.8 million, includes the change in mathematical provisions for Branch I, IV and V products, totalling €7,143.3 million, the change in mathematical provisions for Branch III products, amounting to €391.6 million, the change in deferred policyholder liability (DPL) provisions, totalling €120.8 million, and the change in other technical provisions, also including the change in provisions for with-profits policies, amounting to €1.1 million.

With reference to policies ceded to reinsurers, claims paid in the period under review, inclusive of the change in technical provisions, amount to €10.9 million, compared with €10.6 million in the first half of the previous year. Details are shown below:

(€m)

Claioms expenses attributable to reinsurers in the six months ended 30 June	**2015**	**2014**	**Increase/(decrease)**	
Non-life insurance				
Claims paid	2.9	2.8	0.1	3.6%
Costs of settling claims	0.2	0.2	0.0	-3.0%
Total non-life insurance claims paid	**3.1**	**3.0**	**0.1**	**3.2%**
Change in technical provisions	1.8	2.4	-0.6	n/s
Total non-life insurance	**4.9**	**5.4**	**-0.5**	**-9.0%**
Life insurance				
Claims paid	2.1	1.9	0.2	10.5%
Costs of settling claims	0.0	0.0	0.0	0.0%
Total life insurance claims paid	**2.1**	**1.9**	**0.2**	**10.2%**
Change in technical provisions	3.9	3.4	0.5	15.6%
Total life insurance	**6.0**	**5.3**	**0.7**	**13.6%**
Total	**10.9**	**10.6**	**0.2**	**2.2%**

Reinsurance policy

Life business

With reference to Life insurance, reinsurance policies adopted in the past years remained essentially unaltered in the first half of 2015 and therefore the effects of ongoing treaties continued. In particular, the Parent Company, Poste Vita, cedes life and long-term care (LTC) policies under quota-share treaties. In addition, it reinsures life and permanent disability policies covering executives of Banca del Mezzogiorno in optional reinsurance arrangements.

Ceded life policies showed a positive result of €0.5 million (€0.2 million at 30 June 2014). The effects of these reinsurance policies on the Company's results are described in the notes.

Non-life business

The reinsurance policy adopted by the Company in 2015 is in keeping with the strategy for the three-year period 2013-2015, ratified, in 2013, by the Guidelines drawn up in accordance with art. 2 of IVASS Circular 574. The decision, which substantially continues the previous policy, was taken partly on the basis of the underwriting results recorded in the first two years of application (2013 - 2014). Against this backdrop, the Company also dealt with the natural expiries of a number of agreements, leading Poste Assicura to enter into talks with its reinsurance partners in order to further improve profitability, focusing above all on reinsurance commissions.

Based on the above, at its meeting of 19 February 2015, the Board of Directors approved Guidelines covering outward reinsurance contracts and the Reinsurance Plan for 2015, prepared in accordance existing regulations (IVASS Circular 574/D).

Briefly, the reinsurance strategy adopted is based on the following:

- confirmation of the proportional treaty bases on reinsurance cession in the Fire, Other Damage to Property and General Liability classes, with a further increase in the commissions paid by reinsurers based on underwriting results, in addition to the adoption of excess-of-loss treaties for Property and Liability (Fire, Other Damage to Property, General Third Party Liability) insurance due to risk and/or event to hedge against large losses;
- confirmation of 25% as the proportion of risks ceded in General Third Party Liability, excluding professional liability, which is maintained at 90%;
- confirmation of the preference given to “bouquet” and “multi-line” reinsurance;
- retention of 100% of gross premium revenue in the Accident class for retail products, with reference to new business, in addition to the adoption of excess-of-loss treaties for personal (Accident) insurance due to risk and/or event to hedge against large losses;
- retention of the pure premium rates established in 2013 for credit protection insurance;
- a further increase in retroceded reinsurance commissions in the Legal Expenses and Assistance classes;
- confirmation, in view of the high degree of the segment's specificity, of minimum risk retention for the corporate (non-retail) and/or public sectors, to be attained mainly via optional reinsurance agreements.

To complete the above strategy, progress was made towards integrating the tool used in the end-to-end management of the reinsurance process (XLayers), with new portfolio (Pass) and claims (SIS) functions.

As a result of the above operating performance and claims trends, the **cost of ceded insurance** amounts to approximately €3.6 million (€1.7 million at the end of the first half of 2014). This cost increase primarily reflects the improved ratio of claims to premium revenue (39.4% in 2015, compared with 42.4% in 2014). The ratio of ceded insurance to premium revenue for the period is 6.9% (4.5% in 2014). The total effect on the Company's results is illustrated in the notes.

Complaints

The Parent Company, Poste Vita, received 952 new complaints in the first half of 2015, compared with a total of 725 in the first half of 2014. The ratio of complaints to the total number of outstanding contracts at 30 June 2015 (6,167,227) is 0.015% (0.01% in the first half of 2014). The average time taken to respond to complaints during the period was around 5 days (31 days in the same period of 2014).

The Parent Company received 242 complaints regarding the Personal Injury Protection (PIP) product in the first half of 2015 (331 in the first half of 2014). The ratio of complaints to the total number of outstanding contracts at 30 June 2015 (6,167,227) is 0.004% (0.006% in the first half of 2014). The average time taken to respond to complaints during the period was around 5 days (30 days in the same period of 2014).

During the first half of 2015, the subsidiary, Poste Assicura, received 596 new complaints, compared with 517 in the same period of 2014. The ratio of complaints to the total number of outstanding contracts at 30 June 2015 (1,077,014) is 0.05% (0.05% in the first half of 2014). The average time taken to respond to complaints during the period was around 8 days (32 days in the same period of 2014).

Technical provisions

As a result of the above operating and financial performance, technical provisions amount to €91,995.9 million, up approximately 5.5% on the €87,219.5 million of 2014. The provisions are allocated as follows:

(€m)

Technical provisions	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Non-life branches:				
Premium reserve	43.3	39.6	3.7	9.4%
Outstanding claims provisions	54.0	45.5	8.4	18.5%
Other technical provisions	1.3	4.6 -	3.4	(72.9%)
Total non-life branches	**98.5**	**89.8**	**8.8**	**9.8%**
Life branches:	-	-		
Mathematical provisions	75,778.9	68,638.8	7,140.1	10.4%
Technical provisions where risk is borne by policyholders	8,111.9	8,503.5	(391.6)	(4.6%)
Outstanding claims provisions	469.0	474.7	(5.7)	(1.2%)
DPL provision	7,453.8	9,427.8	(1,974.0)	(20.9%)
Other technical provisions	83.8	84.9	(1.1)	(1.4%)
Total life branches	**91,897.4**	**87,129.7**	**4,767.7**	**5.5%**
Total	**91,995.9**	**87,219.5**	**4,776.4**	**5.5%**

Provisions for the life branches amount to €91,897.4 million. These provisions are made to meet all of the Company's obligations and include mathematical provisions (€75,778.9 million), provisions for unit- and index-linked products (€8,111.9 million), outstanding claims provisions (€469.0 million), the deferred policyholder liability (DPL) provisions (€7,453.8 million) and other technical provisions (€83.8 million). The latter includes provisions for future expenses (article 31 of ISVAP Regulation 21/2008), totalling €79.9 million, provisions for supplementary insurance premiums, totalling €3.7 million, and provisions for with-profits policies, amounting to €0.2 million.

The DPL provisions are down from €9,427.8 million at the beginning of the year to €7,453.8 million at 30 June 2015, reflecting the change in the fair value of the financial instruments backing the provisions due to increased market volatility, above all in June, and its impact on interest rates.

In this regard, it should be noted that products whose revaluation is linked to the returns on separately managed accounts, the financial component of technical provisions was determined on the basis of realized income and expenses, as established by the applicable accounting standards, without considering unrealized gains and losses. This generates a timing mismatch between liabilities and the assets designed to back them, which are recognized at fair value, in accordance with IAS 39.

In order, therefore, to report assets and liabilities intended to match each other in a consistent manner, the Company has, as in previous years, adopted the "shadow accounting" method introduced by IFRS 4. The criteria used for shadow accounting purposes are described in the notes.

Contracts classified as "insurance contracts" and those classified as "financial instruments with a discretionary participation feature", for which use is made of the same recognition and measurement criteria as in Italian GAAP, were subjected to a LAT - Liability Adequacy Test established by paragraph 15 of IFRS 4. The test was conducted by taking into account the present value of future cash flows, obtained by projecting the expected cash flows generated by the existing portfolio as of period end, based on adequate assumptions underlying expiration causes (death, termination, surrender, reduction) and expense trends.

Non-life technical provisions, before provisions ceded to reinsurers, amount to €98.5 million (€89.8 million in 2014) and consist of: the premium reserve of €43.3 million, outstanding claims provisions of €54.0 million and other provisions of €1.3 million. Other technical provisions include the ageing reserve of €0.2 million. In addition, they include additional provisions of €1.1 million, made following an adequacy test, as described more thoroughly in the notes. Outstanding claims provisions for claims incurred but not reported (IBNR) amount to €9.4 million. Changes in the premium reserve and outstanding claims provisions reflect the growth in premium revenue.

Distribution

The Poste Vita Insurance Group distributes its products through the post offices of the parent, Poste Italiane SpA, a sole shareholder company – BancoPosta RFC, duly registered under letter D in the single register of insurance intermediaries as per ISVAP Regulation 5 of October 16, 2006 whose validity was extended until March 2019, with tacit renewal at expiration.

Poste Italiane SpA's sales network consists of over 13,000 post offices throughout the country. Insurance contracts are signed in the post offices by qualified and suitably trained personnel.

Training activity for personnel in charge of product sales continued according to regulatory guidelines. Professional training programs in the first half of 2015 focused both on new products and on technical-insurance and pension modules. The latter were created to develop the expertise of personnel acting as intermediaries, not only in terms of specific skills in relation to the products offered, but also of general welfare issues and of defining customer needs. Each training initiative was designed, approved and carried out by the Poste Vita Insurance Group's competent department, according to Poste Italiane SpA's training guidelines (in some instances with the support of external training companies, specialising in the insurance sector).

Moreover, the Company also strengthened its service model for customer support based on a multi-channel approach and through an improved website, which includes customer services, an area reserved for the Company's existing customers and an upgraded call centre that can be reached through a toll free phone number. The multi-channel service model was developed also to support the distribution network, in synergy with and integrating the central role carried out by post office personnel.

Total distribution and collection fees paid to Poste Italiane amount to approximately €223 million (€207 million in the first half of 2014).

FINANCIAL POSITION

Financial investments

Investment strategies and guidelines are defined by the Boards of Directors through "framework resolutions", which identify both the essential characteristics, in qualitative and quantitative terms, of investment sectors and the strategies for derivative transactions. The investment process also includes a governance system with corporate bodies, as described below in the section on “Corporate governance”.

With regard to the investment approach adopted during the first half of 2015, the Company continued to use a strategy for managing investments linked to separately managed accounts designed to balance the need to increasingly match investments with the structure of the obligations with policyholders and, in the meantime, to maintain a portfolio capable of ensuring returns in line with those of its main competitors. Investment choices were informed by utmost prudence, with a portfolio invested mostly in Italian government securities and blue-chip corporate bonds. The process of diversifying investments, begun in the second half of 2014, also continued during the period, whilst maintaining a moderate risk appetite. This involved investment in multi-asset, harmonised open-end funds of the UCITS (Undertakings for Collective Investment in Transferable Securities) type.

Regarding derivative transactions, at 30 June 2015 the only derivative instruments held include the warrants purchased to hedge the indexed component of certain index-linked products.

At 30 June 2015, total investments amount to €95,154.3 million, up 4.7% on the €90,919.8 million at 31 December 2014, reflecting the operating performance and financial market trends.

(€m)

Financial investments	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Investments in associates	164.05	163.3	0.8	0.5%
Loans and receivables	161.03	726.4	(565.3)	(77.8%)
Available-for-sale financial assets	77,525.9	77,012.8	513.1	0.7%
Financial assets at fair value through profit or loss	16,160.9	12,361.4	3,799.5	30.7%
Cash and cash equivalents	1,142.4	655.9	486.5	74.2%
Total financial investments	**95,154.3**	**90,919.8**	**4,234.5**	**4.7%**

Investments refer to the shareholding in the associate, EGI, which is accounted for using the equity method. EGI, which is owned by Poste Vita SpA and Poste Italiane SpA with 45% and 55% equity interests, respectively, operates in real estate and is tasked with the management and development of Poste Italiane’s properties no longer used in operations. This Company reports equity of €364.6 million at 30 June 2015 and a profit for the period of approximately €1.7 million.

Loans and receivables mainly refer to the positive balance of the current account held with Poste Italiane and to amounts receivable in connection with capital calls in relation to mutual funds for unissued units. The change during the first half reflects investment of the proceeds from the subordinated bonds issued in 2014.

Available-for-sale (AFS) financial assets amount to over €77.5 billion and primarily relate to securities allocated to separately managed accounts and those backing products offering returns on specific pools of assets (approximately €74.6 billion). The portion attributable to the Company’s free capital amounts to approximately €2.9 billion. The impact of the above trends on interest rates in June, linked to the crisis in Greece, resulted in a reduction of around €1.9 billion in the fair value of these instruments, which however continues to be positive (approximately €7.7 billion). Of the above amounts, €7.5 billion is attributable to policyholders through the shadow accounting mechanism, as they relate to financial instruments included in separately managed accounts. The remaining €245 million refers to net gains on AFS securities included in the Company's "free capital" and therefore attributable to a specific equity reserve (equal to €161 million), net of the related taxation.

(€m)

Available for-sale financial assets		at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Equity instruments		8.7	8.0	0.7	8.8%
Debt securities		75,974.8	75,511.7	463.1	0.6%
of which:	*government bonds*	65,092.0	64,669.3	422.7	0.7%
	corporate bonds	10,882.8	10,842.4	40.4	0.4%
UCITS units		1,542.4	1,493.1	49.3	3.3%
Total		**77,525.92**	**77,012.8**	**513.1**	**0.7%**

<u>Financial assets at fair value through profit or loss</u> (FVTPL) amount to approximately €16.2 billion (€12.4 billion at 31 December 2014) and primarily regard:

- financial instruments backing unit and index-linked policies, totalling €8.2 billion (€8.6 billion at 31 December 2014);
- investments included in the Company's separately managed accounts, amounting to €8.0 billion, of which: i) approximately €1.6 billion are callable bonds; ii) €0.5 billion relating to the issue of a CMS (Constant Maturity Swap), providing for a cap and floor mechanism designed to limit excessive movements in interest rates; and finally iii) approximately €5.7 billion invested in two multi-asset, harmonised open-end funds of the UCITS (Undertakings for Collective Investment in Transferable Securities) type.

(€m)

Financial assets at fair value through profit or loss		at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Debt securities		7,575.0	7,370.4	204.6	2.8%
of which:	*government bonds*	5,999.3	6,032.7	(33.4)	(0.6%)
	corporate bonds	1,575.7	1,337.7	238.0	17.8%
Structured bonds		1,882.2	2,367.0	(484.9)	(20.5%)
UCITS units		6,404.5	2,417.6	3,986.9	164.9%
Derivatives		299.2	206.4	92.9	45.0%
Total		**16,160.9**	**12,361.4**	**3,799.5**	**30.7%**

The increase in the first six months of 2015 primarily reflects new investments in multi-asset, harmonised open-end funds of the UCITS type. Further disclosures regarding these investments are provided in the section, "IFRS 12". The reduction in structured bonds during the first half is due to the sale of some of these assets to coincide with the scheduled maturity of Branch III products.

The financial market trends registered during the period, above all in June, resulted in the recognition of net fair value losses of approximately €114 million, reflected in a matching change in technical provisions.

The composition of the portfolio according to issuing country is in line with the situation in 2014, being marked by a strong prevalence of Italian government bonds, as shown in the following table.

Issuing country	AFS	FVTPL	TOTAL
			(€m)
Austria	38.6	18.0	56.6
Australia	249.2	13.7	262.9
Belgium	168.1	23.2	191.3
Canada	26.4	-	26.4
Switzerland	181.6	540.3	721.9
Czech Republic	5.2	-	5.2
Germany	1,020.9	123.5	1,144.4
Denmark	34.0	58.7	92.7
Spain	1,842.9	68.9	1,911.8
Finland	31.6	-	31.6
France	2,297.5	341.6	2,639.2
UK	1,217.3	959.5	2,176.9
Ireland	686.9	286.4	973.3
Italy	66,250.2	6,559.1	72,809.3
Japan	10.3	-	10.3
Luxembourg	537.8	2,089.8	2,627.6
Malta	-	232.7	232.7
Mexico	29.2	15.3	44.5
Netherlands	1,497.1	207.7	1,704.9
Norway	51.3	-	51.3
New Zealand	29.6	-	29.6
Portugal	31.5	-	31.5
Sweden	205.5	37.0	242.6
Slovenia	20.6	-	20.6
United States of America	1,062.5	4,585.3	5,647.8
Total	**77,525.9**	**16,160.9**	**93,686.8**

The distribution of the securities portfolio at 30 June 2015 by duration class is shown below:

Duration (in years)	AFS	FVTPL
		(€m)
up to 1	12,092.3	1,361.6
from 1 to 3	8,669.8	5,087.7
from 3 to 5	16,569.0	1,833.4
from 5 to 7	13,506.1	627.7
from 7 to 10	12,209.4	291.7
from 10 to 15	8,148.3	193.0
from 15 to 20	4,507.8	41.8
from 20 to 30	272.2	20.3
Total	**75,974.8**	**9,457.2**

Cash relates to temporary cash balances, mainly available in “Separately managed accounts”, which, given the current low level of interest rates, will be invested on the basis of market trends during the second half of 2015.

Net income from financial investments for the first half of 2015 amount to €1,594.6 million, after excluding unrealised gains or losses. This is substantially in line with the figure for the same period of 2014 (€1,575.6 million). The result for the period was, however, hit by the downturn in the financial markets linked to the crisis in Greece, which generated net fair value losses on financial assets at FVTPL of €114.6 million during the period, compared with net gains of €361.0 million in the same period of 2014.

(€m)

Category	Interest	Other income and costs	Realized gains/(losses)	Unrealized gains/(losses)	Total income / (expense) for six months ended 30 June 2015
Deriving from financial assets at fair value through profit or loss	162.6	81.3	14.1	-115.3	142.6
Deriving from available-for-sale financial assets	1,164.9	15.8	173.9	0.0	1,354.6
Income from cash and cash equivalents	0.3	0.0			0.3
Deriving from loans and receivables	1.6	0.0			1.6
Deriving from financial liabilities	-19.9	0.0			-19.9
Deriving from investments in associates	0.0	0.0		0.8	0.8
Total	**1,309.5**	**97.1**	**188.0**	**-114.5**	**1,480.0**
	Interest	**Other income and costs**	**Realized gains/(losses)**	**Unrealized gains/(losses)**	**Total income / (expense) for six months ended 30 June 2014**
Deriving from financial assets at fair value through profit or loss	166.0	-0.5	4.4	360.6	530.5
Deriving from available-for-sale financial assets	1,160.6	41.1	210.7	0.0	1,412.4
Income from cash and cash equivalents	4.1	0.0	0.0	0.0	4.1
Deriving from loans and receivables	0.4				0.4
Deriving from financial liabilities	-11.1	0.0	0.0	0.0	-11.1
Deriving from investments in associates	0.0	0.0	0.0	0.4	0.4
Total	**1,319.9**	**40.6**	**215.1**	**361.0**	**1,936.6**
Increase/(decrease)	**-10.4**	**56.5**	**-27.2**	**-475.5**	**-456.5**
% increase/(decrease)	**-1%**	**139%**	**-13%**	**-132%**	**-24%**

Returns on Poste Vita's separately managed accounts, in the specific period under review (from 1 January 2015 to 30 June 2015), are as follows:

Separately managed accounts	Gross return	Average invested capital
	% rate	**€m**
Posta Valore Più	3.89%	66,806.0
Posta Pensione	4.77%	3,006.7

Equity and solvency margin

At 30 June 2015, the Group's equity amounts to €3,086.9 million, having increased by €2.8 million compared with the beginning of the year. This reflects: i) profit for the period; ii) the change in the valuation reserve for available-for-sale financial assets in which the Company's free capital is invested (down €62.7 million); and iii) payment of a dividend of €100 million to the sole shareholder, Poste Italiane, as approved by the General Meeting of 27 April 2015.

The following table shows the components of equity at 30 June 2015, compared with 31 December 2014:

(€000)

Equity	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Share capital	1,216.6	1,216.6	(0.0)	0.0%
Revenue reserves and other equity reserves:	1,543.6	1,318.8	224.8	17.0%
Legal reserve	*87.0*	*72.3*	*14.7*	20.3%
Extraordinary reserve	*0.6*	*0.6*	*0.0*	0.0%
Organisation fund	*2.6*	*2.6*	*0.0*	0.0%
Negative goodwill	*0.4*	*0.4*	*0.0*	0.0%
Retained earnings	*1,452.9*	*1,242.8*	*210.2*	16.9%
Valuation reserve for AFS financial assets	161.4	224.1	(62.7)	(28.0%)
Other gains or losses recognised through equity	- 0.0	- 0.1	0.1	(61.2%)
Profit for the period	165.4	324.8	(159.5)	(49.1%)
Total	**3,086.9**	**3,084.2**	**2.7**	**0.1%**

Furthermore, at 30 June 2015, subordinated debt amounts to €1,200 million (€1,290 million at 31 December 2014), including:

- €450 million in loan notes placed with the sole shareholder (including €400 million with an undefined maturity);
- €750 million in bonds issued by the Company in May 2014 and placed in their entirety with institutional investors.

The reduction with respect to the beginning of the year relates to the Parent Company's repayment of a loan of €90 million maturing in June.

All the debt pays a market rate of return and is governed by article 45, section IV, sub-section III of Legislative Decree 209 of 7 September 2005, as amended. The debt qualifies in full for inclusion in the solvency margin.

The items included in the **solvency margin**, calculated using the usual method, amount to €4,051 million, compared with a required margin of €3,321 million. The resulting solvency ratio at the end of the first half of 2015 is 1.22.

Year-end projections point to a solvency ratio in excess of the regulatory requirement. In this regard, in view of the upcoming introduction of the Solvency II regulations and the expected benefits, from 2016, in terms of the Company's capital requirements, management does not believe it is necessary to carry out any transaction in order to further strengthen the Company's capital position.

ORGANISATION OF THE POSTE VITA GROUP

Corporate governance

This paragraph also represents the Report on Corporate Governance required by art. 123-*bis* of Legislative Decree 58/1998 (the Consolidated Law on Finance), as for as it extends to information required under paragraph 2, sub-paragraph b. The governance model adopted by Parent Company, Poste Vita, is “traditional”, i.e. characterized by the traditional dichotomy between the Board of Directors and the Board of Statutory Auditors.

The Board of Directors of the Parent Company, Poste Vita, which has 7 members (2 of whom, following re-election of the Board in August 2014, are independent), meets periodically to review and adopt resolutions on strategy, operations, results, and proposals regarding the operational structure, strategic transactions and any other obligations under current industry legislation. This body thus has a central role in defining the Group’s strategic objectives and the policies needed to achieve them. The Board of Directors is responsible for managing corporate risks and approves the strategic plans and policies to be pursued. It promotes the culture of control and ensures its dissemination to the various levels within the Company.

The Chairman is vested with the powers provided for by the Company’s articles of association and those conferred by the Board of Directors at the meeting of 5 August 2014. On that date, the Board of Directors granted the Chief Executive Officer the authority to manage the Company, save for the powers reserved to the Board of Directors.

The Board of Directors has established a Remuneration Committee, the composition of which changed following the re-election of Directors in August 2014. The Committee has an advisory role and makes recommendations to the Board regarding remuneration policies and and the remuneration of executive Directors. The Committee also assesses whether or not the remuneration paid to each executive Director is proportionate to that paid to other executive Directors and the Group’s other personnel.

On 27 January 2015, the Parent Company established an Internal Audit and Related Party Transactions Committee, with the role of assisting the Board of Directors in determining internal control system guidelines, in assessing the system’s adequacy and effective functionality, and in identifying and managing the principal business risks. The Board of Statutory Auditors is made up of 3 standing members appointed by the shareholders. Pursuant to art. 2403 of the Italian Civil Code, the Board of Statutory Auditors monitors compliance with the law and the articles of association and with good practices and, in particular, the adequacy of the organizational, administrative and accounting structure adopted by the Company and its functionality.

The audit activities required by articles 14 and 16 of Legislative Decree 39/2010 are carried out by BDO SpA, an auditing firm entered in the register of auditors held by the Ministry of the Economy and Finance.

Poste Vita also has a system of procedural and technical rules that ensure consistent corporate governance through the coordinated management of the decision-making process regarding aspects, issues and activities of interest and/or of strategic importance, or that might give rise to significant risks for its assets.

The governance system is further enhanced by a series of Company Committees chaired by the CEO, aimed at addressing and controlling corporate policies on strategic issues. In particular, the following committees have been established: (i) an Insurance Products Committee, which analyses, *ex ante*, proposals regarding insurance product offerings, with the related technical and financial characteristics, and verifies, *ex post*, the technical and profit performance and limits on risk taking for product portfolios; (ii) a Projects Committee, which is responsible for monitoring the Insurance Group's strategic projects, assessing progress, analysing possible critical areas and guiding the actions undertaken by the departments in charge in order to achieve pre-established goals; (iii) a Crisis Management Committee, responsible for managing crisis situations arising in connection with the Company's information system, to ensure business continuity on the occurrence of unexpected, exceptional events. The Committee operates in accordance with the policies established for the areas of interest by the parent, Poste Italiane; (iv) an Investment Committee, which plays a role in defining the investment policy, the strategic and tactical asset allocation policy and its monitoring over time.

Lastly, to increase compliance with the more advanced governance models, the Company's articles of association require the appointment of a manager response for financial reporting. At its meeting of 11 September 2014, the Board of Directors confirmed the Chief Financial Officer in this role.

Internal control system

Within the Poste Vita Group, risk management is part of a wider internal control system that is divided into three levels:

- Line, or first level, controls, carried out during operational processes managed by individual operating units (this also includes hierarchical controls and controls "embedded" in procedures); the system of proxies and of powers of attorney; the operating units therefore represent a "first line of defence" and are responsible for effectively and efficiently managing the risks that fall within their purview.
- Risk management controls (second level), carried out by the Risk Management function, which is separate and independent from other operating units and identifies the various types of risk, contributes to establishing methods for evaluation/measurement and verifies that the operating units comply with the assigned limits; it also identifies and recommends, where necessary, risk corrective and/or mitigation actions, checking consistency between the Company's operations and the risk objectives established by the competent corporate bodies.
- Controls on the risk of non-compliance with rules (second level), carried out by the Compliance department, which is separate and independent from operating units and has responsibility for preventing the risk of incurring legal or administrative sanctions, financial losses or reputational damage arising from non-compliance with the relevant regulations. In this context, the Compliance unit is responsible for assessing the adequacy of internal processes to prevent the risk of non-compliance.
- Third Level Controls, assigned to Internal Auditing, Ethics and Internal Control Models unit, which is separate and independent from operating units. This department, based on an analysis of areas of risk affecting the Company's business, plans annual audits to check the effectiveness and efficiency of the Internal Control System with respect to operations/business processes.

Regarding the organisation of control functions, controls for the subsidiary, Poste Assicura, are conducted on a centralised basis by the Parent Company, Poste Vita, pursuant to art. 36 of ISVAP Regulation 20, dated 26 March 2008.

The internal control system also consists of a set of rules, procedures and organisational units designed to prevent or minimize the impact of unexpected events and to enable the achievement of strategic and operational objectives (effectiveness and efficiency of operations and protection of corporate assets), compliance with laws and regulations, and accurate and transparent internal information. It is a widespread system within the Company and is constantly upgraded.

Within this context, the Internal Auditing function helps the organization to achieve its business and governance goals, providing support to officers and management in fulfilling their duties with regard to the internal control and risk management systems, with a view to improving constantly the Company's corporate governance mechanisms and control processes. In particular, the unit's duty is to provide assurance – also by virtue of its organisational independence and lack of any operational role – on the adequacy and overall functionality of the internal control system, adopted by the Company pursuant to Law 262/05.

For this reason, this unit prepares an annual Audit Plan based on a risk assessment process, in order to ensure progressive coverage of key business processes.

A Risk Management function has also been established to develop risk measurement methods and propose action plans to mitigate the financial, technical and process risks to which the Insurance Group is exposed. Risk Management is also responsible for developing a risk assessment system and a system to measure regulatory capital according to specifications under definition at EU level (Solvency II). Risk Management also supports the Board in assessing, through stress tests, the consistency between the risks undertaken by the firm, the risk appetite defined by the Board of Directors and its current and prospective capital.

The Compliance unit guarantees organisational and procedural adequacy to prevent the risk of non-compliance with regulations, as per the Compliance Policy approved by the Board of Directors on 26 November 2008.

As to the matters governed by Legislative Decree 231/01, Poste Vita has adopted a Compliance Programme with the objective to prevent the perpetration of the different types of offence contemplated by the law, and has appointed a Supervisory Board.

Adoption of the 231 Compliance Programme and the rules of conduct contained therein combine with the "Code of Ethics" and the "Code of Conduct for Suppliers and Partners" adopted by Group companies, in keeping with similar codes in place for the parent, Poste Italiane.

The 231 adopted Compliance Programme was revised on 4 August 2015.

Organizational structure and personnel

There were no significant changes in the organisational structure, in terms of the recruitment of new staff, during the first half, with the number of direct employees at 30 June 2015 amounting to 337 and in line with the end of 2014. This was partly due to the number of staff who left the Group during the period.

Workforce breakdown	at 30 June 2015	at 31 December 2014	Increase/ (decrease)
Executives	31	32	(1)
Middle managers	133	129	4
Operational staff	171	170	1
Fixed-term employees	2	5	(3)
Direct employees	**337**	**336**	**1**

Staff hired during the first half are primarily specialists (product development, portfolio management and claims management) and people with internal control expertise, with the aim of improving processes and strengthening the related internal control system. In particular, a substantial number of new staff was hired by the anti-money laundering function (a total of 8, including managers and juniors).

During the period, the Group also focused attention on the need to define the specific steps needed to deal with the growing complexity of the business and achieve the objectives and implement the initiatives set out in the business plan, some of which being long-term in nature. In this sense, a major plan has been put in place to make qualitative and quantitative improvements to personnel. The plan will for the most part be implemented in the second half of the year.

In order to boost its human capital, including in terms of technical and specialist expertise, over 1,970 hours of specialist training (insurance regulations, Solvency II, etc.) was provided during the first half. Following the creation of a Corporate University by Poste Italiane, a number of skills development projects and scenario workshops were organised at Poste Italiane Group level. These initiatives will be extended to Poste Vita and Poste Assicura staff in the next six months.

RELATIONS WITH THE PARENT AND OTHER POSTE ITALIANE GROUP COMPANIES

The Parent Company, Poste Vita, is wholly owned by Poste Italiane SpA, which directs and coordinates the Group.

Transactions with the parent, Poste Italiane SpA, which owns all the shares outstanding, are governed by written agreements and conducted on an arm's length basis. They regard mainly:

- the sale and distribution of insurance products at post offices and related activities;
- post office current accounts;
- partial secondment of personnel used by the Company;
- support in organising the business and in the recruitment and management of personnel;
- the pick-up, packaging and shipping of ordinary mail;
- call centre services.

A service contract relating to information technology is currently being finalised with the parent, Poste Italiane SpA.

Furthermore, at 30 June 2015, subordinated loan notes, totalling €450 million and issued by the Parent Company, Poste Vita, have been subscribed for by Poste Italiane SpA. The notes provide a market rate of return reflecting the creditworthiness of the Company.

In addition to the relationship with the parent, Poste Vita Group companies also maintain operational relations with other Poste Italiane Group companies, with regard to:

- management of the Company's free capital and of a part of the portfolio investments attributable to separately managed accounts (Bancoposta Fondi SGR);
- printing, enveloping and mail delivery through information systems; management of incoming mail, the dematerialization and filing of printed documentation (Postel);
- services related to network connections with Poste Italiane's post offices (Postecom);
- mobile telephone services (Poste Mobile);
- national courier services (Sda);
- advice on obligations pertaining to occupational health and safety (Poste Tutela);
- Accident Insurance for managers (Banca del Mezzogiorno);
- Term Life Insurance policies (Postel, Banca del Mezzogiorno, EGI, PosteCom, Poste Energia, Poste Mobile, Poste Assicura, PosteShop, Poste Tributi and Bancoposta Fondi SGR);
- Fire Insurance policies obtained by Banca del Mezzogiorno to cover properties provided as security for loans.

These arrangements are also conducted on an arm's length basis. Details of the above are provided in the notes to the financial statements.

OTHER INFORMATION

Information on own shares and/or the parent's shares held, purchased or sold during the period

The Company does not own and has not traded in its own or the parent's shares.

Related party transactions

In addition to other companies in the Poste Italiane Group, whose relationships have already been described in the previous paragraph, according to the provisions of IAS 24 (para. 9) related parties are the MEF (the Ministry of the Economy and Finance), Cassa Depositi e Prestiti SpA, entities controlled by the MEF and key management personnel. The Government and public bodies different from the MEF and from the bodies controlled by the Ministry are not considered related parties; furthermore, transactions involving financial assets and liabilities represented by financial instruments are not considered related party transactions.

At 30 June 2015, the Company holds bonds issued by Cassa Depositi e Prestiti, acquired under market conditions, and is party to a lease agreement entered into, on an arm's length basis, with EUR SpA (90%-owned by the MEF).

Company Directors and key management personnel have not conducted any related party transactions.

Research and development activities

During the period, the Group did not incur any research and development expenses, except for costs related to new products. These outlays were expensed as incurred.

Legal disputes

Approximately 314 proceedings have been initiated against the Parent Company, Poste Vita (including around 25 disputes also involving the parent, Poste Italiane, as co-defendant and 12 regarding non-life policies included in the portfolio transferred from Poste Vita to Poste Assicura), mainly relating to "dormant policies" and the payment of claims. Moreover, 2 proceedings are still pending in the labour court, including one filed by the employee of a subcontractor, who has filed a claim for unpaid salary, and another action brought by a former fixed-term employee of the Company, who has filed a claim for compensation and re-employment on a permanent contract. The likely outcome of these disputes has been taken into account in determining the results for the period.

Approximately 117 proceedings have been filed against Poste Vita and Poste Assicura, mostly regarding alleged offences relating in general to the falsification of insurance documents, embezzlement and the exploitation of people who are mentally incapable. The offences concerned have been committed by third parties or employees of Poste Italiane.

Disputes involving Poste Assicura total approximately 199 to date and mainly refer to objections raised against the payment of claims. The likely outcome of these disputes was taken into account in calculating outstanding claims provisions. A further 34 proceedings have been filed against Poste Assicura with regard, primarily, to insurance documents. Finally, the Parent Company, Poste Vita, is party to a further 12 disputes regarding non-life policies included in the portfolio transferred to Poste Assicura and relating to the payment of claims.

Tax disputes

With regard to the tax authorities' notification of alleged violations regarding the failure to pay VAT on invoices for service commissions in the tax years 2004 and 2006, the Provincial Tax Tribunal of Rome has found in the company's favour, ruling the tax authorities' allegations to be unfounded. The related sentences have, however, been appealed by the tax authorities, as notified in December 2014. A date for the hearing has yet to be fixed. With regard to the alleged violation relating to 2005, the appeal is still pending before the Provincial Tax Tribunal of Rome, as a date for the hearing has yet to be fixed. The likely outcomes of the tax disputes continue to be taken into account in determining provisions for risks and charges.

Outcome of IVASS inspections

Following the inspection, by the insurance regulator, that took place between 1 April and 14 July 2014, for the purposes of assessing the governance, management and control of investments and financial risk, and compliance with anti-money laundering regulations, on 17 September 2014 IVASS notified Poste Vita of its recommendations and the start of an administrative procedure regarding the alleged violation of four provisions concerning anti-money laundering regulations. The Company has submitted defence briefs and the procedure is expected to be closed within two years.

Application for clearance from IVASS for an acquisition

Given the strategic objective of broadening the Insurance Group's offering of health insurance for individuals and groups of people, in June the Company asked the regulator for clearance to acquire a 100% interest in S.D.S. System Data Software Srl, which in turn owns a 100% interest in S.D.S. Nuova Sanità Srl. The SDS group provides services and manages claims on behalf of, among others, private health funds that offer private health cover (above all the Fasi and Faschim funds). The group also designs, develops and maintains management software and provides IT services for businesses.

Regulatory developments

At the date of preparation of this report, regulatory developments affecting, or that might affect, the Insurance Group's business are as follows:

- On 24 March 2015, IVASS the insurance regulator, issued Ruling 30, containing amendments and supplements to ISVAP Regulation 24/2008, concerning the procedure for filing complaints with ISVAP and the handling of complaints by insurance companies. In response, the Company, assisted by its general counsel, has begun the process of revising the information provided to customers in order to comply with the new regulations.
- On 24 March 2015, IVASS issued Ruling 31, containing amendments to ISVAP Regulation 17/2008, concerning the rules governing the joint provision of life and non-life insurance, as defined by articles 11 and 348 of Legislative Decree 209 of 7 September 2005 – the Private Insurance Code.
- On 3 March 2015, IVASS issued Regulation 8, concerning the measures to be implemented to simplify the procedures and obligations relating to contracts between insurers, brokers and customers, partly in implementation of art. 22, paragraph 15-*bis* of Law Decree 179 of 18 October 2012, as converted by Law 221 of 17 December 2012. In accordance with the obligations resulting from IVASS Regulation 8, the Company, in coordination with its parent, Poste Italiane SpA, has begun the process of ensuring that its systems and contract documents are compliant.
- Legislative Decree 136 of 18 August 2015, published in Official Gazette of 2 September 2015, in implementation of Directive 2013/34/EU relating to the statutory and consolidated financial statements of banks and other financial institutions.

As part of planned improvements to Italian GAAP, the Italian Accounting Standards Setter (the *Organismo Italiano di Contabilità* or *OIC*) published and endorsed the following accounting standards during the period:

- OIC 24, providing guidance on the recognition, classification and measurement of intangible assets.

EVENTS AFTER 30 JUNE 2015

In August 2015, the Board of Directors approved the new Compliance Programme required by Legislative Decree 231 of 8 June 2001, which has been revised to reflect the latest developments (new offences included in the list contained in Legislative Decree 231/01). The changes primarily relate to money laundering, environmental crime, crimes against the Public Administration, organised crime and fraudulent accounting, in addition to ensuring that the Programme has kept pace with the growth of the business and the Group's operations.

In addition, on 16 May 2014, the cabinet Office approved a draft Cabinet Office Decree setting out the criteria for an Initial Public Offering of shares in the parent, Poste Italiane, involving the sale of up to 40% of the Ministry of the Economy and Finance's holding in the Company. The shares are to be offered to Italian retail investors and/or Italian and international institutional investors. On 11 August 2015, the Prospectus for the above Offering was submitted to the CONSOB for approval.

Significant steps were taken after the end of the period to strengthen the Group's workforce, including through the recruitment of key personnel.

OUTLOOK

The Insurance Group will again, in the second half of the year, continue to be geared towards implementing the strategic and business priorities set out in its business plan, with a growing number of major initiatives, including those relating to distribution and of a financial nature, with a view to driving further profitable growth.

The group expects to see further growth in premium revenue at the end of 2015, in part thanks to innovative extension of its offering and by boosting sales activities in parallel with the distribution network.

In addition, the Insurance Group will continue work on numerous other projects, including the demanding task of ensuring compliance with the new “Solvency II” regulations, with initial requirements coming into force during next year.

CONSOLIDATED FINANCIAL STATEMENTS

(€000)

STATEMENT OF FINANCIAL POSITION - ASSETS		at 30 June 2015	at 31 December 2014
1	**INTANGIBLE ASSETS**	**20,092**	**16,372**
1.1	Goodwill	-	-
1.2	Other intangible assets	20,092	16,372
2	**TANGIBLE ASSETS**	**4,379**	**4,438**
2.1	Land and buildings	-	-
2.2	Other tangible assets	4,379	4,438
3	**TECHNICAL PROVISIONS CEDED TO REINSURERS**	**59,774**	**54,403**
4	**INVESTMENTS**	**94,011,858**	**90,263,862**
4.1	Investment property	-	-
4.2	Investments in subsidiaries, associates and joint ventures	164,047	163,286
4.3	Investments held to maturity	-	-
4.4	Loans and receivables	161,030	726,350
4.5	Available-for-sale financial assets	77,525,917	77,012,829
4.6	Financial assets at fair value through profit or loss	16,160,863	12,361,397
5	**SUNDRY RECEIVABLES**	**386,123**	**71,990**
5.1	Receivables arising from direct insurance transactions	250,701	8,451
5.2	Receivabes arising from reinsurance transactions	8,678	3,823
5.3	Other receivables	126,744	59,716
6	**OTHER ASSETS**	**1,581,784**	**1,257,371**
6.1	Non-current assets or disposal groups held for sale	-	-
6.2	Deferred acquisition costs	54,508	52,517
6.3	Deferred tax assets	13,173	8,442
6.4	Current tax assets	1,510,747	1,194,568
6.5	Sundry assets	3,355	1,843
7	**CASH AND CASH EQUIVALENTS**	**1,142,412**	**655,919**
	TOTAL ASSETS	**97,206,422**	**92,324,357**

(€000)

	STATEMENT OF FINANCIAL POSITION - LIABILITIES AND EQUITY	at 30 June 2015	at 31 December 2014
1	**EQUITY**	**3.086.923**	**3.084.239**
1.1	**attributable to the owners of the Parent**	**3.086.923**	**3.084.239**
1.1.1	Share capital	1.216.608	1.216.608
1.1.2	Other equity instruments	-	-
1.1.3	Capital reserves	-	-
1.1.4	Retained earnings and other reserves	1.543.603	1.318.772
1.1.5	(Treasury shares)	-	-
1.1.6	Reserve for currency translation differences	-	-
1.1.7	Valuation reserve for available-for-sale financial assets	161.367	224.113
1.1.8	Other valuation reserves	- 33	- 85
1.1.9	Profit/(Loss) for the period attributable to owners of the Parent	165.377	324.832
1.2	**attributable to non-controlling interests**	-	-
1.2.1	Share capital and reserves attributable to non-controlling interests	-	-
1.2.2	Valuation reserves	-	-
1.2.3	Profit/(Loss) for the period attributable to non-controlling interests	-	-
2	**PROVISIONS**	**10.650**	**10.650**
3	**TECHNICAL PROVISIONS**	**91.995.926**	**87.219.518**
4	**FINANCIAL LIABILITIES**	**1.200.485**	**1.300.854**
4.1	Financial liabilities at fair value through profit or loss	-	-
4.2	Other financial liabilities	1.200.485	1.300.854
5	**PAYABLES**	**212.533**	**131.376**
5.1	Payables arising from direct insurance transactions	136.126	87.663
5.2	Payables arising from reinsurance transactions	17.028	8.567
5.3	Other payables	59.379	35.145
6	**OTHER LIABILITIES**	**699.904**	**577.720**
6.1	Liabilities included in disposal groups held for sale	-	-
6.2	Deferred tax liabilities	173.436	165.859
6.3	Current tax liabilities	515.496	407.229
6.4	Other liabilities	10.972	4.631
	TOTAL LIABILITIES AND EQUITY	**97.206.422**	**92.324.357**

(€000)

	INCOME STATEMENT for the six months ended 30 June	2015	2014
1.1	Net premium revenue	9,476,639	8,249,252
1.1.1	*Gross premium revenue*	9,496,399	8,267,262
1.1.2	*Outward reinsurance premiums*	- 19,759	- 18,010
1.2	Fee and commission income	-	-
1.3	Net income (expenses) from financial assets at fair value through profit or loss	142,597	530,522
1.4	Income from investments in subsidiaries, associates and joint ventures	758	453
1.5	Income from other financial instruments and investment property	1,398,828	1,435,116
1.5.1	*Interest income*	1,166,818	1,165,060
1.5.2	*Other income*	15,835	41,129
1.5.3	*Realised gains*	216,175	228,927
1.5.4	*Unrealised gains*	-	-
1.6	Other income	229	109
1	**TOTAL REVENUE**	**11,019,051**	**10,215,452**
2.1	Net claims expenses	- 10,389,065	- 9,589,502
2.1.1	*Claims paid and change in technical provisions*	- 10,399,984	- 9,600,150
2.1.2	*Share attributable to reinsurers*	10,920	10,648
2.2	Commission expenses	-	-
2.3	Expenses arising from investments in subsidiaries, associates and joint ventures	-	-
2.4	Expenses arising from other financial instruments and investment property	- 62,181	- 29,351
2.4.1	*Interest expense*	- 19,906	- 11,121
2.4.2	*Other expenses*	-	-
2.4.3	*Realised losses*	- 42,275	- 18,230
2.4.4	*Unrealised losses*	-	-
2.5	Operating costs	- 263,262	- 240,135
2.5.1	*Commissions and other acquisition costs*	- 218,344	- 200,090
2.5.2	*Investment management expenses*	- 18,074	- 15,544
2.5.3	*Other administrative expenses*	- 26,844	- 24,501
2.6	Other costs	- 30,647	- 26,078
2	**TOTAL COSTS AND EXPENSES**	**- 10,745,155**	**- 9,885,066**
	PROFIT/(LOSS) BEFORE TAX	**273,896**	**330,385**
3	Income tax expense	- 108,519	- 128,959
	PROFIT/(LOSS) FOR THE PERIOD	**165,377**	**201,427**
4	**PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS**	**-**	**-**
	CONSOLIDATED PROFIT/(LOSS)	**165,377**	**201,427**
	of which attributable to owners of the Parent	**165,377**	**201,427**
	of which attributable to non-controlling interests	-	-

(€000)

STATEMENT OF COMPREHENSIVE INCOME for the six months ended 30 June	2015	2014
CONSOLIDATED PROFIT/(LOSS)	**165,377**	**201,427**
Other components of comprehensive income that will not be reclassified to profit or loss, net of taxation	**49**	**- 51**
Change in subsidiaries' equity	-	-
Change in revaluation reserve for intangible assets	-	-
Change in revaluation reserve for tangible assets	-	-
Income and expenses from non-current assets and disposal groups held for sale	-	-
Actuarial gains and losses and adjustments related to defined-benefit plans	49	- 51
Other components	-	-
Other components of comprehensive income that may be reclassified to profit or loss, net of taxation	**- 62,742**	**56,599**
Change in reserve for currency translation differences	-	-
Gains or losses on available-for-sale financial assets	- 62,746	56,602
Gains or losses on cash flow hedges	-	-
Gains or losses on hedges of a net investment in foreign operations	-	-
Change in subsidiaries' equity	3	- 3
Income and expenses related to non-current assets or disposal groups held for sale	-	-
Other components	-	-
TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME	**- 62,694**	**56,548**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME	**102,684**	**257,975**
of which attributable to owners of the Parent	**102,684**	**257,975**
of which attributable to non-controlling interests	**-**	**-**

(€000)

STATEMENT OF CHANGES IN EQUITY		Balance at 31 December 2013	Changes in closing balances	Increases/ Decreases	Adjustments due to reclassifications to profit or loss	Transfers	Balance at 30 June 2014
Equity attributable to owners of the Parent	Share capital	1,216,608	-	-			1,216,608
	Other equity instruments	-	-	-			-
	Capital reserves	-	-	-			-
	Retained earnings and other reserves	1,142,652	-	256,120			1,398,772
	(Treasury shares)	-	-	-			-
	Profit/(Loss) for the period	256,120	-	- 54,693			201,427
	Other components of comprehensive income	148,135	-	77,400	- 20,850		204,685
	Total attributable to owners of the Parent	2,763,515	-	278,827	- 20,850	-	3,021,492
Equity attributable to non-controlling interests	Share capital and reserves	-	-	-			-
	Profit/(Loss) for the period	-	-	-			-
	Other components of comprehensive income	-	-	-			-
	Total attributable to non-controlling interests	-	-	-			-
Total		**2,763,515**	**-**	**278,827**	**- 20,850**	**-**	**3,021,492**

		Balance at 31 December 2014	Changes in closing balances	Increases/ Decreases	Adjustments due to reclassifications to profit or loss	Transfers	Balance at 30 June 2015
Equity attributable to owners of the Parent	Share capital	1,216,608	-		-	-	1,216,608
	Other equity instruments	-	-		-	-	-
	Capital reserves	-	-		-	-	-
	Retained earnings and other reserves	1,318,772	-	224,832	-	-	1,543,603
	(Treasury shares)	-	-	-	-	-	-
	Profit/(Loss) for the period	324,832	-	- 159,454	-	-	165,377
	Other components of comprehensive income	224,028	-	- 17,858	- 44,836	-	161,334
	Total attributable to owners of the Parent	3,084,239	-	47,519	- 44,836	-	3,086,923
Equity attributable to non-controlling interests	Share capital and reserves	-	-	-	-	-	-
	Profit/(Loss) for the period	-	-	-	-	-	-
	Other components of comprehensive income	-	-	-	-	-	-
	Total attributable to non-controlling interests	-	-	-	-	-	-
Total		**3,084,239**	**-**	**47,519**	**- 44,836**	**-**	**3,086,923**

(€000)

STATEMENT OF CASH FLOWS (indirect method) for the six months ended 30 June	2015	2014
Profit/(Loss) for the period before tax	**273,896**	449,797
Changes in non-monetary items	**4,889,035**	**10,686,126**
Change in non-life premium reserve	785	5,109
Change in outstanding claims provisions and other non-life technical provisions	6,510	5,245
Change in outstanding claims provisions and other life technical provisions	4,763,742	11,040,477
Change in deferred acquisition costs	(1,991)	(4,107)
Change in provisions	0	0
Non-monetary income and expenses from financial instruments, investment property and investments	115,309	(360,598)
Other changes	4,680	0
Change in receivables and payables generated by operating activities	**(237,535)**	**142,205**
Change in receivables and payables deriving from direct insurance and reinsurance transactions	(190,182)	25,198
Change in other receivables and payables	(47,353)	117,007
Income tax paid	**(195,899)**	**(243,246)**
Net cash generated by (used for) monetary items related to investing and financing activities	**(3,799,465)**	**(590,588)**
Liabilities from investment contracts issued by insurance companies	0	0
Due to bank and interbank customers	0	0
Loans and receivables outstanding with bank and interbank customers	0	0
Other financial instruments at fair value through profit or loss	(3,799,465)	(590,588)
TOTAL NET CASH GENERATED BY OPERATING ACTIVITIES	**930,032**	**10,324,882**
Net cash generated by (used for) investment property	0	0
Net cash generated by (used for) investments in subsidiaries, associates and joint ventures	(762)	(450)
Net cash generated by (used for) loans and receivables	565,320	(752,865)
Net cash generated by (used for) investments held to maturity	0	0
Net cash generated by (used for) available-for-sale financial assets	(628,397)	(9,580,756)
Net cash generated by (used for) tangible and intangible assets	(8,120)	(5,692)
Other net cash generated by (used for) investing activities	0	0
TOTAL NET CASH GENERATED BY (USED FOR) INVESTING ACTIVITIES	**(71,959)**	**(10,339,763)**
Net cash generated by (used for) equity instruments attributable to owners of the Parent	(271,212)	-72,409
Net cash generated by (used for) treasury shares	0	0
Distribution of dividends to owners of the Parent	0	0
Net cash generated by (used for) share capital and reserves attributable to non-controlling interests	0	0
Net cash generated by (used for) subordinated liabilities and equity instruments	(100,368)	745,588
Net cash generated by (used for) sundry financial liabilities	0	0
TOTAL NET CASH GENERATED BY (USED FOR) FINANCING ACTIVITIES	**(371,581)**	**673,179**
Effect of exchange rate differences on cash and cash equivalents	0	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	655,919	804,856
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**486,492**	**658,299**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,142,412	1,463,155

NOTES

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements of the Poste Vita Group for the six months ended 30 June 2015 have been prepared in accordance with IVASS Regulation 7 of 13 July 2007, as amended.

The scope of consolidation includes Poste Vita SpA and its subsidiary, Poste Assicura SpA, an insurance company whose object is the provision, in Italy and abroad, of all permitted types of non-life insurance and reinsurance. In addition, it may undertake all activities related to, or conducive to growth in, insurance and reinsurance (as per article 4 of its Articles of Association). Poste Assicura SpA is currently authorised to carry out insurance business in all non-life classes with the exception of the motor segment and related sectors. The company is wholly owned by the Parent Company, Poste Vita. The company is consolidated on a line-by-line basis.

The Parent Company also holds a non-controlling interest in Europa Gestioni Immobiliari SpA, a real estate company engaged in property management and transactions in Italy and abroad for own account and on behalf of third parties. This investment is accounted for using the equity method.

Name	Country	Business	Type of ownership	% direct ownership	Consolidation/Accounting method
Poste Assicura SpA	Italy	Insurance	Subsidiary	100	Line-by-line consolidation
Europa Gestioni Immobiliare SpA	Italy	Property management	Associate	45	Equity method

The consolidated financial statements for the six months ended 30 June 2015 have been subject to a review by BDO SpA, the independent auditors appointed for 2014-2022.

For a detailed explanation of the accounting policies adopted in the preparation of this consolidated interim report and the contents of the financial statements, reference is made to the basis of preparation and accounting policies described in the latest annual report. In particular, the Company prepares its consolidated accounts based on historical cost, save for instances requiring the application of fair value, as per IFRS 13. There were no changes in the accounting policies adopted, save as otherwise indicated in the following section.

New accounting standards

The following standards, interpretations and amendments are applicable from 1 January 2015:

- IFRIC 21 - *Levies*, adopted with (EU) Regulation 634/2014. The interpretation provides guidance on how to account for a liability for a levy imposed by a government, when the liability is to be accounted for in accordance with IAS 37.
- “Annual Improvement Cycle to IFRSs 2011 – 2013” adopted with Regulation (EU) no. 1361/2014 in connection with the annual projects to improve and revise international accounting standards.

Accounting standards and interpretations soon to be effective

The following standards, interpretations and amendments are applicable from 1 January 2016:

- “Annual Improvement Cycle to IFRSs 2010 – 2012” adopted with Regulation (EU) no. 28/2015 in connection with the annual projects to improve and revise international accounting standards.
- IAS 19 – *Employee benefits – Defined Benefit Plans: Employee Contributions* adopted with Regulation (EU) no. 29/2015. The amendment clarifies the application of IAS 19 to defined benefit plans requiring contributions from employees or third parties that are not voluntary contributions. Such contributions reduce the entity’s service cost. The amendment permits contributions linked to service, but not the years in service, to be deducted from service costs for the year in which they are paid, instead of allocating them over the employee’s years of service.

Lastly, as of the date of approval of these financial statement, the IASB has issued standards, interpretations, amendments and a number of Exposure Drafts that have not yet been endorsed by the EU and/or that are still in the consultation phase, including:

- IFRS 9 – Financial Instruments;
- IFRS 14 - Regulatory Deferral Accounts;
- IFRS 15 - Revenue from Contracts with Customers;
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities – Applying the Exception to Consolidation;
- Amendments to IAS 1 - Disclosures;
- Annual improvements to IFRSs - 2012 – 2014 Cycle;
- Amendments to IFRS 10 and IAS 8 - Sale or Contribution of Assets between an Investor and its Associate/Joint Venture;
- Amendments to IAS 27 - Equity Method in Separate Financial Statements;
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation;
- Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations;
- Exposure Draft “IFRS 2 – Share-Based Payments” on the Classification and Measurement of Share-Based Payment transactions;
- Exposure Draft “IFRS 10, IFRS 12, IAS 27, IAS 28 and IAS 36” on the Fair Value Measurement of Quoted Investments in Subsidiaries, Joint Ventures and Associates;
- Exposure Draft “IAS 12 – Income Tax” on the Recognition of Deferred Tax Assets for Unrealised Losses;
- Discussion Paper “Conceptual Framework for Financial Reporting” as part of the conceptual

revision of the current Framework;

- Exposure Draft “Insurance Contracts” as part of the conceptual revision of the current standard;
- Exposure Draft “Leases” as part of the conceptual revision of the current standard;
- Exposure Draft “IAS 1 – Classification of Liabilities”, which clarifies how entities classify debt, particularly when it is coming up for renewal.
- Exposure Draft “IAS 19 and IFRIC14 - Remeasurement on a Plan Amendment, Curtailment or Settlement/Availability of a Refund of a Surplus from a Defined Benefit Plan”.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

1. INTANGIBLE ASSETS

Intangible assets amount to €20,092 thousand at 30 June 2015, compared with €16,372 thousand at the end of 2014.

(€000)

Other intangible assets	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Gross amount	40,050.1	32,505.2	7,544.9	23.2%
Accumulated amortisation	19,958.2	16,132.8	3,825.4	23.7%
Carrying amount	**20,091.9**	**16,372.4**	**3,719.5**	**22.7%**

The following table provides a breakdown:

(€000)

Other intangible assets	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Software	15,555.6	16,159.6	(604.0)	(3.7%)
Intangibles in progress	4,526.5	199.7	4,326.8	2166.6%
Start-up and expansion costs	9.8	13.1	(3.3)	(25.2%)
Carrying amount	**20,091.9**	**16,372.4**	**3,719.5**	**22.7%**

Intangible assets mainly comprise unamortized software programme licenses, totalling €15,555.6 thousand, and the capitalized costs incurred in software development still to be completed at the end of the first half (which did not, therefore, generate economic benefits in the period), totalling €4,526.5 thousand. Software licenses have finite useful lives and are amortised at a rate of 33%. No impairment losses were recognised in the first half of 2015.

The table below shows changes in this item during the period under review:

(€000)

Other intangible assets	at 31 December 2014	Increases	Decreases	at 30 June 2015
Software	31,786.6	3,218.1		35,004.7
- Accumulated amortisation	(15,627.0)	(3,822.2)		(19,449.2)
Intangibles in progress	199.7	4,326.8		4,526.5
- Accumulated amortisation	0.0			0.0
Start-up and expansion costs	518.9			518.9
- Accumulated amortisation	(505.8)	(3.2)		(509.0)
Total	**16,372.4**	**3,719.5**	**-**	**20,091.9**

The increases primarily regard the costs accounted for in "Intangibles in progress" (€4,327 thousand).

2. TANGIBLE ASSETS

Tangible assets total €4,379 thousand, a decrease of €59 thousand compared with 31 December 2014.

(€000)

Other tangible assets	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Gross amount	8,685.1	8,110.0	575.1	7.1%
Accumulated depreciation	4,305.7	3,671.7	634.0	17.3%
Carrying amount	**4,379.4**	**4,438.3**	**(58.9)**	**(1.3%)**

The following table shows a breakdown of tangible assets:

(€000)

Other tangible assets	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Fixtures and fittings	996.1	921.3	74.8	8.1%
Computer equipment	3,024.9	3,255.5	(230.6)	(7.1%)
Telephone system	356.5	259.4	97.1	37.4%
Leasehold improvements	1.9	2.1	(0.2)	(9.5%)
Carrying amount	**4,379.4**	**4,438.3**	**(58.9)**	**(1.3%)**

Other tangible assets primarily relate to assets used in operations: fixtures and fittings amounting to €996 thousand, net of accumulated depreciation, electronic equipment amounting to €3,025 thousand, net of accumulated depreciation, the telephone system amounting to €357 thousand, net of accumulated depreciation, and leasehold improvements amounting to €2 thousand, net of accumulated depreciation.

The following table shows a breakdown of movements during the period:

(€000)

Other tangible assets	at 31 December 2014	Increases	Decreases	at 30 June 2015
Computer equipment	5,915.4	273.1		6,188.5
- *Accumulated depreciation*	(2,659.9)	(503.8)		(3,163.7)
Fixtures and fittings	1,523.5	161.1		1,684.6
- *Accumulated depreciation*	(602.2)	(86.4)		(688.6)
Telephone system	471.2	140.9		612.1
- *Accumulated depreciation*	(211.8)	(43.7)		(255.5)
Leasehold improvements	199.8			199.8
- *Accumulated depreciation*	(197.7)	(0.1)		(197.8)
Total	**4,438.3**	**(58.9)**	**-**	**4,379.4**

3. TECHNICAL PROVISIONS CEDED TO REINSURERS

At 30 June 2015, these provisions total €59,774 thousand, an increase of €5,371 thousand compared with 31 December 2014 (€54,403 thousand). A breakdown of the balance is provided below:

(€000)

Technical provisions ceded to	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Non-life provisions				
Premium reserve	6,580.7	6,363.7	217.0	3.4%
Outstanding claims provisions	17,790.7	15,967.0	1,823.7	11.4%
Other provisions	142.4	722.4	(580.0)	(80.3%)
Life provisions		-	-	
Outstanding claims provisions	6,508.8	5,802.5	706.3	12.2%
Mathematical provisions	28,751.6	25,547.7	3,203.9	12.5%
Technical provisions where risk is borne by policyholders and		-	-	
Other provisions		-	-	
Total	**59,774.2**	**54,403.3**	**5,370.9**	**9.9%**

The increase in the amount of technical provisions ceded to reinsurers, compared with the previous year, is due to the growth of the Group's business.

4. INVESTMENTS

Investments total €94,011,858 thousand at 30 June 2015, a 4.2% increase compared with the €90,263,862 thousand of 31 December 2014. They consist of the following:

(€000)

Financial investments	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Investments in associates	164,047.4	163,285.6	761.8	0.5%
Loans and receivables	161,030.4	726,350.2	(565,319.8)	(77.8%)
Available-for-sale financial asse	77,525,917.4	77,012,829.1	513,088.3	0.7%
Financial assets at fair value thr	16,160,862.5	12,361,397.3	3,799,465.3	30.7%
Total investments	**94,011,857.7**	**90,263,862.1**	**3,747,995.6**	**4.2%**

Investments in subsidiaries, associates and joint ventures

The Poste Vita Group accounts for its associate, Europa Gestioni Immobiliare SpA (EGI) - a real estate company tasked with the management and development of the Poste Italiane SpA Group's properties no longer used in operations – using the equity method. The Group holds a 45% equity interest and the increase of €761.8 thousand is almost entirely due to the company's profit of €758.7 thousand for the first half of 2015. For more details regarding the level of the fair value hierarchy assigned to the investments in this category, please see Annex 5 D.3, D.4, D.5 to these financial statements.

Loans and receivables

Loans and Receivables amount to €161,030 thousand at 30 June 2015, compared with €726,350 thousand at 31 December 2014, and comprise the following items.

Loans of €73,005 thousand (€702,879 thousand at 31 December 2014), consisted entirely of the amount held by the Parent Company as part of the Group's cash management system, inclusive of accrued interest income on this amount.

The change during the first half reflects investment of the proceeds from the subordinated bonds issued in 2014.

Receivables of €88,025 thousand at 30 June 2015 (€23,471 thousand at 31 December 2014) regard subscriptions and the related capital calls on mutual funds for which the corresponding units have not yet been issued.

Available-for-sale financial assets

This item breaks down as follows:

(€000)

Available-for-sale financial assets		at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Equity instruments		8,741.3	8,032.2	709.2	8.8%
Debt securities		75,974,793.4	75,511,704.7	463,088.7	0.6%
of which:	*government bonds*	65,091,972.7	64,669,301.4	422,671.3	0.7%
	corporate bonds	10,882,820.7	10,842,403.3	40,417.4	0.4%
UCITS units		1,542,382.9	1,493,092.2	49,290.7	3.3%
Total		**77,525,917.6**	**77,012,829.1**	**513,088.5**	**0.7%**

"Available-for-sale financial assets" have registered a reduction in fair value of €1,760,576 thousand in the first half (compared with an increase of €6,864,552 thousand at 31 December 2014):

- €1,733,565 thousand of this amount has been retroceded to policyholders in accordance with the shadow accounting method permitted by IFRS, with a matching entry in technical provisions (€6,705,598 thousand at 31 December 2014);
- the remaining €27,011 thousand refers to financial instruments belonging to the Company and therefore attributable to a specific equity reserve, net of the related taxation.

Equity instruments, all listed on liquid and active markets, amount to €8,741.3 thousand (€8,032.2 thousand at 31 December 2014) and relate to Branch I products linked to separately managed accounts. The increase with respect to the beginning of the year is due partly to new purchases (approximately €1,118 thousand) and partly to a reduction in fair value of approximately €409 thousand, retroceded in full to policyholders in accordance with the shadow accounting method.

Fixed income instruments, totalling €75,974,793.4 thousand (€75,511,705 thousand at 31 December 2014), include €75,907,194 thousand in instruments issued by European countries and European blue-chip companies and €67,599 thousand in unlisted securities. This item includes CDP SpA issuances with a fair value of €1,359,406 thousand, primarily used to back Branch I insurance policies linked to specific pools of assets and maturing in the second half of the year.

UCITS units, totalling €1,542,383 thousand (€1,493,092 at 31 December 2014), consist of €1,107,920 thousand in mutual funds primarily invested in equities and, €47,135 thousand invested in real estate mutual funds and €387,328 thousand in mutual funds that are mainly invested in bonds.

For more details regarding the level of the fair value hierarchy assigned to the investments in this category, please see the relevant Annex to these financial statements.

The classification of financial instruments within the fair value hierarchy meets the requirements of the new Fair Value Policy drawn up by the parent, PosteItaliane, and subsequently approved by PosteVita's Board of Directors. The new policy has not resulted in substantial changes to the classifications of investments used in previous years.

Financial assets at fair value through profit or loss

At 30 June 2015, these assets amount to €16,160,863 thousand, compared with €12,361,397 thousand at 31 December 2014, and consist of the following:

(€000)

Financial assets at fair value through profit or loss		at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Debt securities		7,575,022.1	7,370,424.2	204,597.9	2.8%
of which:	*government bonds*	5,999,302.0	6,032,745.7	(33,443.7)	(0.6%)
	corporate bonds	1,575,720.1	1,337,678.4	238,041.7	17.8%
Structured bonds		1,882,158.2	2,367,036.2	(484,878.1)	(20.5%)
UCITS units		6,404,450.6	2,417,564.0	3,986,886.6	164.9%
Derivatives		299,231.6	206,372.9	92,858.8	45.0%
Total		**16,160,862.5**	**12,361,397.3**	**3,799,465.3**	**30.7%**

Fixed income instruments, totalling €7,575,022 thousand (€7,370,424 thousand at 31 December 2014), include €5,999,302 thousand in stripped "BTP" Treasury Bonds purchased to back Branch III insurance policies, with the remaining €1,575,720 thousand invested in corporate bonds issued by leading issuers and included in separately managed accounts.

Structured bonds, totalling €1,882,158 thousand (€2,367,036 thousand at 31 December 2014), relate to investments whose returns are linked to particular market indices, primarily designed to back insurance obligations to the holders of Branch III index-linked policies. The overall reduction since the beginning of the year is primarily due to the sale of financial instruments in order to cover corresponding Branch III claims.

UCITS units, totalling €6,404,450 thousand (€2,417,564 thousand at 31 December 2014), regard mutual funds primarily used to back products linked to separately managed accounts. The increase in this item since the beginning of the year is primarily due to these assets. In contrast, investments included in this item and used to back Branch III products amount to €692,773 thousand, having risen from the €616,408 thousand of the previous year following the sale of new products.

Derivatives consist of warrants backing Branch III policies with a total nominal value of €5,558,057 thousand and a fair value of €299,232 thousand (€206,373 thousand at 31 December 2014). The increase primarily reflects an increase in fair value during the first half.

The Company did not enter into new derivative contracts during the period.

Details of the Group's holdings of warrants are as follows:

(€000)

Warrants	at 30 June 2015		at 31 December 2014	
Policy	Nominal value	Fair value	Nominal value	Fair value
Alba	712,242	24,544	729,951	16,314
Terra	1,355,039	45,245	1,375,271	29,307
Quarzo	1,253,802	44,836	1,276,749	29,672
Titanium	655,615	44,195	672,050	28,838
Arco	174,032	35,955	178,453	25,765
Prisma	174,550	28,822	178,896	21,666
6Speciale	200,000	6	200,000	0
6Aavanti	200,000	6	200,000	0
6Sereno	181,482	17,381	184,646	13,527
Primula	184,119	16,609	187,332	12,688
Top5	232,962	19,266	236,612	12,647
Top5 edizione II	234,214	22,367	238,037	15,948
Total	**5,558,057**	**299,232**	**5,657,997**	**209,988**

For more details regarding the level of the fair value hierarchy assigned to the investments in this category, please see Annex 5 D.3, D.4, D.5 to these financial statements.

5. SUNDRY RECEIVABLES

Sundry receivables amount to €386,123 thousand at 30 June 2015, marking an increase of €314,133 thousand on 31 December 2014.

This item consists of the following:

(€000)

Sundry receivables	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Receivables arising from direct insurance transactions	250,701.4	8,450.6	242,250.8	2866.7%
Receivables arising from direct reinsurance transactions	8,677.8	3,823.3	4,854.5	127.0%
Other receivables	126,744.1	59,716.5	67,027.6	112.2%
Total sundry receivables	**386,123.3**	**71,990.4**	**314,132.9**	**436.4%**

The carrying amount of trade receivables and other receivables is in line with their fair value. Trade receivables do not earn interest and are short-term.

With regard to receivables from policyholders, the Group does not present any particular credit risk concentration since credit exposure is divided among a large number of counterparties.

Receivables arising from direct insurance transactions

At 30 June 2015, this item amounts to €250,701 thousand, compared with €8,451 thousand at 31 December 2014, and consists of the following:

(€000)

Receivables arising from direct insurance transactions	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Due from policyholders	5,022.4	1,791.1	3,231.3	180.4%
Premiums receivable from agents	245,523.2	6,281.4	239,241.8	3808.7%
Receivables arising from co-insurance agreements	155.8	378.1	(222.3)	(58.8%)
Total	**250,701.4**	**8,450.6**	**242,250.8**	**2866.7%**

Amounts due from policyholders, totalling €5,022 thousand, reflecting uncollected premiums due and payable on the basis of a prudent assessment.

Receivables due from policyholders include €999 thousand in uncollected non-life premiums for the year. The remaining €4,023 thousand regards life insurance premiums for the year that have yet to be collected at the end of the period.

Amounts due from agents, totalling €245,523 thousand at 30 June 2015 (€6,281 thousand at 31 December 2014), refer to premiums already collected during the last days of the period which, despite already having been collected by the agent (Poste Italiane) at 30 June 2015, were paid to the Company early in July 2015.

Receivables from co-insurance agreements amount to €156 thousand (€378 thousand at 31 December 2014) and relate to the co-insurance agreement with Eurizon Vita SpA. These are amounts owed by this company to Poste Vita in its capacity as lead agent for products placed before 30 September 2004.

Receivables arising from reinsurance transactions

These receivables amount to €8,678 thousand at the end of the period, compared with €3,823 thousand at the end of the previous year. This receivable consists of amounts to be recovered from reinsurers for claims and commissions.

Other receivables

Other receivables total €126,744 thousand at the end of the first half of 2015, up on the €59,717 thousand of 31 December 2014. This item consists of the following:

(€000)

Other receivables	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Due from policyholders for stamp duty	65,440.1	56,486.4	8,953.7	15.9%
Due from Poste Italiane Group companies	2,063.0	2,126.7	(63.7)	(3.0%)
Due from third parties	1,182.8	1,035.2	147.6	14.3%
Miscellaneous receivables	58,058.2	68.2	57,990.0	n/s
Total	**126,744.1**	**59,716.5**	**67,027.6**	**112.2%**

Due from policyholders for stamp duty, in the amount of €65,440 thousand, refers to stamp duty[3] on Branch III and V financial policies.

The item "Due from Poste Italiane Group companies", amounting to €2,063 thousand at 30 June 2015, primarily relates to a sum due from Bancoposta Fondi SGR for VAT paid in 2013 on invoices issued for management fees on the investment of insurance assets. This sum has yet to be settled at 30 June 2015 and amounts to €2,006 thousand.

The amount due from third parties, totalling €1,183 thousand, primarily reflects advances paid to suppliers and receivables outstanding with suppliers not belonging to the Poste Italiane Group.

Miscellaneous receivables, totalling €58,058 at 30 June 2015, include €57,745 thousand in coupon interest accruing entirely in the first half of 2015.

[3] As per the implementing decree of 24 May 2012, enacted pursuant to paragraph 5 of article 19 of Law Decree 201 of 6 December 2011, converted by Law 214 of 2 December 2011.

6. OTHER ASSETS

Other assets total €1,581,784 thousand at 30 June 2015, an increase of €324,413 thousand compared with 31 December 2014, and include the following:

(€000)

Other assets	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Non-current assets or disposal groups held for sale				
Deferred acquisition costs	54,508.3	52,517.4	1,990.9	3.8%
Deferred tax assets	13,173.0	8,442.0	4,731.0	56.0%
Current tax assets	1,510,747.4	1,194,568.3	316,179.1	26.5%
Sundry assets	3,355.2	1,843.3	1,511.9	82.0%
Total	**1,581,783.9**	**1,257,371.0**	**324,412.9**	**25.8%**

Deferred acquisition costs amount to €54,508.3 thousand at the end of the period (€52,517.4 thousand at 31 December 2014). They include €51,535 thousand in unamortised deferred management fees attributable to individual pension plans (*FIP - Forme Individuali di Previdenza*) and €2,973 thousand in unamortised fees paid to Poste Italiane on sales of non-life policies. The increase compared with 2014 is due to the growth in premiums relating to Individual Pension Plan products during the period.

Deferred tax assets, amounting to €13,173.0 thousand (€8,442 thousand at 31 December 2014), are calculated as the total of the temporary differences arising between the carrying amounts of assets and liabilities and their tax bases, in accordance with IAS 12 and to the extent deemed to be recoverable.

Changes in deferred tax assets in the first half of 2015 are shown below:

(€000)

	2015
Deferred tax assets at 31 December 2014	**8,442.0**
- change accounted for in the income statement	4,703.9
- change accounted for in the statement of financial position	27.0
Deferred tax assets at 30 June 2015	**13,172.9**

As described in greater detail in the section “Income tax expense”, temporary differences originate mainly from provisions and impairments of equity instruments included in current assets, as well as other expenses, such as the non-deductible excess of the change in outstanding claims provisions and provisions for bad debts, which are deductible in equal instalments in future years.

Current tax assets, amounting to €1,510,747 thousand (€1,194,568 at 31 December 2014), mainly relate to tax credits on mathematical provisions under Law 191/2004, totalling approximately €1,417,892 thousand (€1,168,918 thousand at 31 December 2014), prepayments of corporate income tax (IRES) for 2015, amounting to €67,051 thousand at 30 June 2015 (€1,487 thousand at 31 December 2014) and paid to the parent under the tax consolidation arrangement, and the prepayment of IRAP of €21,297 thousand (€20,917 thousand at 31 December 2014).

Sundry assets amount to €3,355 thousand at the end of the period (€1,843 thousand at 31 December 2014). They primarily regard prepaid expenses.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounts to €1,142,412 thousand at the end of the period, compared with €655,919 thousand at the end of the previous year. This item breaks down as follows:

(€000)

Cash and cash equivalents	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Bank deposits	1,041,306.5	594,927.3	446,379.2	75.0%
Post office deposits	101,098.6	60,988.5	40,110.1	65.8%
Cheques and cash in hand	6.4	3.6	2.8	77.8%
Total	**1,142,411.5**	**655,919.4**	**486,492.1**	**74.2%**

This item includes short-term bank and post office deposits, as well as cash and revenue stamps.

LIABILITIES AND EQUITY

1. EQUITY

Equity attributable to owners of the Parent amounts to €3,086,923.2 thousand (€3,084,239 at 31 December 2014).

(€000)

Equity	**at 30 June 2015**	**at 31 December 2014**	**Increase/(decrease)**	
Share capital	1,216,607.9	1,216,607.9	(0.0)	0.0%
Revenue reserves and other equity reserves:	1,543,603.5	1,318,772.0	224,831.5	17.0%
Legal reserve	*86,999.5*	*72,322.9*	*14,676.7*	20.3%
Extraordinary reserve	*648.0*	*648.0*	*0.0*	0.0%
Organisation fund	*2,582.3*	*2,582.3*	*0.0*	0.0%
Negative goodwill	*426.0*	*426.0*	*0.0*	0.0%
Retained earnings	*1,452,947.6*	*1,242,792.8*	*210,154.8*	16.9%
Valuation reserve for AFS financial assets	161,367.4	224,113.2	(62,745.7)	(28.0%)
Other gains or losses recognised through equity	(33.0)	(85.1)	52.1	(61.2%)
Profit for the period	165,377.4	324,831.5	(159,454.1)	(49.1%)
Total	**3,086,923.2**	**3,084,239.5**	**2,683.7**	**0.1%**

The increase compared with the previous year reflects: i) profit for the period of €165,377.4 thousand; ii) the negative change in the valuation reserve for available-for-sale financial assets, totalling €62,746 thousand; and iii) payment of a dividend of €100 million to the sole shareholder, Poste Italiane, as approved by the General Meeting of 27 April 2015.

Changes in individual reserves are shown in the statement of changes in equity.

The reconciliation of equity with profit for the period is shown below:

Reconciliation between the Parent Company's financial statements and the IAS/IFRS consolidated financial	Profit/(Loss)	Changes in equity	Equity	Profit/(Loss)	Changes in equity	Equity	Profit/ (Loss)	Changes in equity	Equity
	first half 2014	*at 30 June 2014*	*at 30 June 2014*	*2014*	*at 31 December 2014*	*at 31 December 2014*	*first half 2015*	*at 30 June 2015*	*at 30 June 2015*
Italian GAAP financial statements	**205,049**	**-**	**2,752,366**	**293,533**	**(80,000)**	**2,760,850**	**88,041**	**(100,000)**	**2,748,891**
Measurement of financial assets	(3,217)	0	68,324	33,289		104,830	76,763	0	181,593
policyholder liabilities	0	53,119	197,956	0	70,592	215,429	0	(60,865)	154,565
Measurement of investments (cost method)	(4,265)	0	(56,152)	25,043		(26,844)	(4,610)	0	(31,454)
Actuarial gains/(losses) on employee benefits	0	(49)	(33)	0	(82)	(66)	0	40	(26)
Adjustment to deferred acquisition costs	0	0	0	0		0	0	0	0
Other minor adjustments	(388)	0	668	(524)		532	(46)	0	486
Parent Company's IAS/IFRS financial statements	**197,179**	**53,070**	**2,963,129**	**351,341**	**(9,489)**	**3,054,731**	**160,148**	**(160,825)**	**3,054,055**
Retained earnings of consolidated subsidiary	3,794	(1)	13,661	7,537	(5)	17,402	4,411	10	21,822
Valuation reserve for subsidiary's AFS financial assets at	0	3,485	6,778	0	5,391	8,684	0	(1,881)	6,803
Measurement of investment using the equity method	453	(3)	37,923	(33,730)	(4)	3,740	758	3	4,501
Elimination of effects of intercompany transactions				(317)		(317)			
IAS/IFRS consolidated financial statements	**201,427**	**56,550**	**3,021,492**	**324,832**	**(4,107)**	**3,084,240**	**165,377**	**(162,694)**	**3,086,923**

2. PROVISIONS

Provisions total €10,650 thousand at the end of the first half of 2015, in line with the figure at the end of 2014. This item reflects amounts set aside to cover contingent liabilities in relation to:

- application of Law 166/08 (so-called "dormant policies"), totalling approximately €1 million;
- outstanding legal disputes, totalling approximately €3.3 million;
- tax liabilities which could arise from ongoing disputes (claims of approximately €5.7 million).

TECHNICAL PROVISIONS

Technical provisions total €91,995,926.4 thousand at 30 June 2015, up €4,776,408.1 thousand on the €87,219,518 thousand of 31 December 2014. Technical provisions break down as follows:

(€000)

Technical provisions	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Non-life branches:				
Premium reserve	43,318.1	39,605.1	3,712.9	9.4%
Outstanding claims provisions	53,956.4	45,531.1	8,425.3	18.5%
Other technical provisions	1,256.7	4,639.0	(3,382.2)	(72.9%)
Total non-life branches	**98,531.2**	**89,775.2**	**8,756.0**	**9.8%**
Life branches:				
Mathematical provisions	75,778,873.2	68,638,821.4	7,140,051.8	10.4%
Technical provisions where risk is borne by policyholders	8,111,906.1	8,503,477.6	(391,571.5)	(4.6%)
Outstanding claims provisions	469,011.8	474,727.2	(5,715.3)	(1.2%)
DPL provisions	7,453,845.6	9,427,809.2	(1,973,963.6)	(20.9%)
Other technical provisions	83,758.4	84,907.6	(1,149.2)	(1.4%)
Total life branches	**91,897,395.2**	**87,129,743.0**	**4,767,652.2**	**5.5%**
Total	**91,995,926.4**	**87,219,518.2**	**4,776,408.1**	**5.5%**

Non-life technical provisions

Non-life technical provisions, before provisions ceded to reinsurers, consist of: the premium reserve of €43,318 thousand, outstanding claims provisions of €53,956 thousand and other provisions of €1,257 thousand. Following an adequacy test of the premium reserve, it was decided to make additional provisions of €1,109 thousand to the premium reserve to cover future insurance liabilities, in accordance with the empirical method suggested by the Supervisory Authorities, deemed suitable to meet IFRS 4 requirements for the adequacy test of the premium reserve. This item also includes the ageing reserve of €148 thousand. The provisions have been made in accordance with article 37, paragraph 8 of Legislative Decree 209 of 7 September 2005 and article 46 of ISVAP Regulation 16, based on a flat rate of 10% of gross premium revenue for the year from contracts of the type indicated in the Regulation.

Outstanding claims provisions include provisions for claims incurred but not reported (IBNR), amounting to €9,359 thousand. Changes in the premium reserve and outstanding claims provisions reflect trends in premium revenue.

Life technical provisions

Contracts classified as "insurance contracts" and as "financial instruments with discretionary participation features" continue to be accounted for and measured on the basis of Italian GAAP, as established in paragraph 15 of IFRS 4. These provisions were subjected to a Liability Adequacy Test (LAT) in order to test the adequacy of net technical provisions with respect to "realistic" provisions, which reflect the present value of future cash flows, obtained by projecting expected future cash flows from the existing portfolio to the end of the reporting period, based on appropriate assumptions regarding the cause of expiration (death, surrender, redemption, reduction) and the performance of claims expenses.
The results of the tests revealed that the technical provisions were adequate and did not need to be topped up. The outcome of the test, as described in the section on "Risk management", revealed that the provisions accounted for in the financial statements are adequate.
"Other technical provisions" include provisions for future expenses (article 31 of ISVAP Regulation 21/2008), totalling €79,921 thousand, provisions for supplementary insurance premiums, totalling

€3,654 thousand, and provisions for with-profits policies, amounting to €183 thousand, and provisions for deferred liabilities to policyholders, accrued according to the shadow accounting method, pursuant to paragraph 30 of IFRS 4, totalling €7,453,846 thousand.

4. FINANCIAL LIABILITIES

Financial liabilities break down as follows:

(€000)

Financial liabilities	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Financial liabilities held for trading				
Financial liabilities designated at fair value through				
Other financial liabilities	1,200,485.2	1,300,853.6	(100,368.4)	(7.7%)
Total	**1,200,485.2**	**1,300,853.6**	**(100,368.4)**	**(7.7%)**

Other financial liabilities, totalling €1,200,485 thousand at the end of the period (€1,300,854 thousand at 31 December 2014) include €746,647 thousand relating to subordinated bonds issued by the Company in May 2014, including accrued interest on the bonds and the issue discount. The remaining €453,838 thousand regards subordinated debt (of which €400 million with an undefined maturity), issued by Poste Vita and placed in its entirety with the sole shareholder, Poste Italiane. The debt pays a market rate of return and is governed by article 45, section IV, sub-section III of Legislative Decree 209 of 7 September 2005, as amended. The above amount includes accrued interest.

5. PAYABLES

Payables amount to €212,533 thousand at 30 June 2015, up €81,157 thousand on the €131,376 thousand of 31 December 2014. The following table shows a breakdown and changes with respect to the previous year:

(€000)

Payables	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Payables arising from direct insurance transactions	136,126.1	87,663.2	48,462.9	55.3%
Payables arising from reinsurance transactions	17,028.2	8,567.4	8,460.8	98.8%
Other payables	59,378.8	35,145.3	24,233.5	69.0%
Total	**212,533.1**	**131,375.9**	**81,157.2**	**61.8%**

Payables arising from direct insurance transactions:

(€000)

Payables arising from direct insurance transactions	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Commissions payable to Poste Italiane	134,516.0	87,067.6	47,448.4	54.5%
Due to policyholders	1,584.1	247.8	1,336.3	539.3%
Payables arising from co-insurance agreements	26.0	347.8	(321.8)	(92.5%)
Total	**136,126.1**	**87,663.2**	**48,462.9**	**55.3%**

This item, totalling €134,516 thousand (€87,068 thousand at the end of 2014), refers to invoices to be received from the parent, Poste Italiane SpA, for commissions earned on the sale of insurance products in May and June. These will be settled in July 2015.

Amounts due to policyholders, totalling €1,584 thousand (€248 at 31 December 2014), mainly relate to payables to policyholders arising in the period for amounts collected that are subject to refund.
Payables arising from co-insurance agreements, amounting to €26 thousand (€348 thousand at 31 December 2014), relate to the co-insurance agreement with Eurizon Vita SpA. These are amounts owed to it by the Company in its capacity as lead agent for products placed before 30 September 2004.

Payables arising from reinsurance transactions

Amounts due to reinsurers at 30 June 2015 amount to €17,028 thousand, up €8,461 thousand on the figure for the end of the previous year, when the total was €8,567 thousand. The increase compared with the previous year is due to the growth of the Group's business.

Other payables

This item, amounting to €59,379 thousand at the end of the first half of 2015 (€35,145 thousand at 31 December 2014), breaks down as follows:

(€000)

Other payables	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Trade payables	22,653.0	20,730.2	1,922.8	9.3%
Provision for Partecipa product	15,345.7	-	15,345.7	n/s
Due to Poste Italiane Group suppliers	13,541.8	8,203.0	5,338.8	65.1%
Due to employees	2,953.1	2,687.4	265.6	9.9%
of which post-employment benefits	933.4	991.5	(58.1)	(5.9%)
Due to MEF	684.8	1,919.5	(1,234.7)	(64.3%)
Payables arising from fund purchases	3,863.3	1,260.7	2,602.6	206.4%
Sundry payables	337.2	344.4	(7.2)	(2.1%)
Total	**59,378.8**	**35,145.3**	**24,233.5**	**69.0%**

Trade payables of €22,653 thousand refer to services rendered by companies that do not belong to the Poste Italiane Group, part of which have not yet been invoiced at the end of the period under review.
The amount of €15,346 thousand regards the provision made during the first half in relation to the Partecipa product, which calls for the refund of front-load commissions to policyholders extracted in a prize draw.
The amount due to Poste Italiane Group suppliers (€13,542 thousand) relates to services provided by Poste Italiane's subsidiaries.
The amount due to the MEF (the Ministry of the Economy and Finance), amounting to €685 thousand, relates to amounts payable to the Fund set up by the MEF for policies expiring after 28 October 2008, when Law 166/2008 came into force, introducing rules on "dormant policies".
The amount of payables for fund purchases, amounting to €3,863 thousand, refers to funds purchased and not yet paid for at the end of the first half of 2015, totalling €1,831 thousand, and fees payable to internal fund managers.
In accordance with IVASS requirements contained in Regulation 7, the liability for post-employment benefits ("*TFR*") has been accounted for in "Other payables".
Under international financial reporting standards, and in accordance with indications provided by the International Accounting Standards Board (IASB) and by the International Financial Reporting

Interpretations Committee (IFRIC), post-employment benefits are considered as a defined-benefit plan.
Actuarial assessment of post-employment benefits was carried out according to the "accrued benefits" method using the projected unit credit (PUC) method, as defined in paragraphs 66-67 of IAS 19.
The assessment took into account the period of service of each employee at 31 May 2015.
In the case of unpaid terminated employees or those on fixed-term contracts, i.e. employees who have already terminated or who will terminate their employment in the coming months and whose vested post-employment benefits have yet to be paid, no projection was made on an individual basis. The resulting IAS 19 liability was thus assumed to equal the statutory provisions made.
The actuarial assessment of post-employment benefits is based on a number of assumptions of a demographic and financial nature.
Certain of the assumptions used are explicitly based on the Company's direct historical experience, others are based on the related best practices.
The actuarial assumptions used are shown below:

	30/6/2015	31/12/2014
Tasso annuo di attualizzazione	2,06%	1,49%
Tasso annuo di inflazione	0,60% per il 2015 1,20% per il 2016 1,50% 2017 e 2018 2,0% dal 2019 in poi	0,60% per il 2015 1,20% per il 2016 1,50% 2017 e 2018 2,0% dal 2019 in poi
Tasso annuo incremento TFR	1,950% per il 2015 2,400% per il 2016 2,625% 2017 e 2018 3,000% dal 2019 in poi	1,950% per il 2015 2,400% per il 2016 2,625% 2017 e 2018 3,000% dal 2019 in poi

Movements in this liability for the past two years are summarised as follows:

(€000)

Post-employment benefits	**at 30 June 2015**	**at 31 December 2014**	**Increase/ (decrease)**	
Opening balance	991.5	823.3	168.2	20.4%
Service cost	19.0	36.6	(17.6)	(48.2%)
Interest cost	7.3	23.3	(16.0)	(68.5%)
Benefits paid	(10.2)	0.0	(10.2)	n/s
Transfers in/(out)		(23.7)	23.7	(100.0%)
Actuarial (Gains)/Losses	(74.2)	132.0	(206.2)	(156.2%)
Closing balance	**933.4**	**991.5**	**(58.1)**	**(5.9%)**

6. OTHER LIABILITIES

These items amount to €699,904 thousand at the end of the first half of 2015, compared with €577,720 thousand at the end of the previous year, and break down as follows:

(€000)

Other liabilities	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Liabilities included in disposal groups held for sale				
Deferred tax liabilities	173,436.0	165,859.0	7,577.0	4.6%
Current tax liabilities	515,495.6	407,229.3	108,266.3	26.6%
Other liabilities	10,972.5	4,631.4	6,341.1	136.9%
Total	**699,904.1**	**577,719.7**	**122,184.4**	**21.1%**

Changes in deferred tax liabilities in the first half of 2015 are shown below:

(€000)

	2015
Deferred tax liabilities at 31 December 2014	**165,858.9**
- change accounted for in the income statement	40,034.6
- change accounted for in the statement of financial position	(32,457.5)
Deferred tax liabilities at 30 June 2015	**173,436.0**

Details of changes during the period are described in the section “Income tax expense”.

Current tax liabilities, amounting to €515,496 thousand, consist of the following:

(€000)

Current tax liabilities	at 30 June 2015	at 31 December 2014	Increase/(decrease)	
Advance payment in relation to reserve for Law Decree	362,762.4	334,096.3	28,666.1	8.6%
Stamp duty payable	61,394.1	54,372.7	7,021.4	12.9%
Substitute tax payable on individual pension plans (FIP)	44.6	10,530.5	(10,485.9)	(99.6%)
Withholding taxes on life policies	16,117.8	5,513.8	10,604.0	192.3%
Current tax expense	9,627.2	580.3	9,046.9	n/s
Amount payable to Poste Italiane for taxes transferred	63,549.8	357.2	63,192.6	n/s
Other	1,999.7	1,778.5	221.2	12.4%
Total	**515,495.6**	**407,229.3**	**108,266.3**	**26.6%**

The tax on reserves, amounting to €362,762 thousand, refers to the payment on account due on mathematical provisions for the first half of 2015. The increase with respect to the previous year reflects the increase in mathematical provisions during the period.

At the end of the period under review, stamp duty payable on financial policies included in Life Branches III and V (as provided for in the implementing decree of 24 May 2012, issued pursuant to article 19, paragraph 5 of Law Decree 201 of 6 December 2011, as converted by Law 214 of 2 December 2011)[4], amounts to €61,394 thousand.

Withholding and substitute taxes payable on amounts paid out on life policies are €16,118 thousand at the end of the period.

[4] Paragraph 7 of the implementing decree provides that for communications relating to Life Branch III and V policies, stamp duty is payable at the time of redemption or surrender. However, for each year of contract duration, companies must record the value of stamp duty for each policy in force at period end and enter this sum in the statement of financial position as an amount payable to the tax authorities. This debt will be cancelled in later periods as a contra entry to the amounts due to policyholders, through the tax payment determined cumulatively upon redemption or surrender of each individual policy.

Deferred tax liabilities of €173,436 thousand at 30 June 2015 include the tax effect of all temporary tax differences, to be reversed in future years, mainly attributable to financial asset adjustments.

Other liabilities

Other liabilities amount to €10,972 thousand at 30 June 2015 (€4,631 thousand at 31 December 2014) and primarily regard: i) unpaid salaries due to personnel, totalling €3,148 thousand; ii) amounts due to policyholders for premiums collected but not yet credited to the various accounts totalling €3,335 thousand; and iii) deferred expenses, amounting to €4,209 thousand at 30 June 2015.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

1.1 NET PREMIUM REVENUE

Consolidated net premium revenue for the first half of 2015 amounts to €9,476,639 thousand, up €1,227,387 thousand on the €8,249,252 thousand of the same period of 2014.

Gross premium revenue amounts to €9,496,821 thousand, up 14.8% on the figure for 2014 (€8,273,647 thousand). Total outward reinsurance premiums amount to €18,961 thousand at 30 June 2015, compared with €18,877 thousand at 30 June 2014.

(€000)

for the six months ended 30 June	2015	2014	Increase/(decrease)	
Gross life premium revenue	9,449,058	8,228,696	1,220,361.9	14.8%
Gross non-life premium revenue	47,763	44,951	2,812.1	6.3%
Total gross premium revenue	9,496,821	8,273,647	1,223,174.1	14.8%
Change in gross premium reserve	(422.4)	(6,385.2)	5,962.8	(93.4%)
Gross premium revenue	9,496,399	8,267,262	1,229,136.9	14.9%
Outward life reinsurance premiums	(6,569.5)	(6,064.0)	(505.5)	8.3%
Outward non-life reinsurance premiums	(12,391.3)	(12,813.3)	422.0	(3.3%)
Total outward reinsurance premiums	(18,960.9)	(18,877.3)	(83.6)	0.4%
Change in share of premium reserve attributable to reinsurers	(798.5)	868 -	1,666.0	(192.0%)
Outward reinsurance premiums	(19,759.3)	(18,009.8)	(1,749.5)	**9.7%**
Total net premium revenue	**9,476,639**	**8,249,252**	**1,227,387.4**	**14.9%**

All gross premium revenue attributable to the Insurance Group's portfolio falls within the scope of IFRS 4.

1.3 NET INCOME FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net income from financial assets at fair value through profit or loss amounts to €142,597 thousand for the period, compared with €530,522 thousand in the first half of 2014. This reflects the impact of the downturn in the financial markets as a result of the crisis in Greece, which generated net fair value losses of €115,309 thousand at the end of the period, compared with net gains of €360,598 million in the same period of 2014.

The following table shows a breakdown of income and expenses from financial instruments at fair value through profit or loss:

(€000)

Six months ended 30 June 2015	Interest	Other income (expenses), net	Realised gains	Realised losses	Net realised gains/(losses)	Unrealised gains	Unrealised losses	Net unrealised gains/(losses)	Total income (expenses), net
Income and expenses from financial assets at fair value through profit or loss	162,576	81,259	14,583	- 513	14,071	131,755	- 247,063	- 115,309	142,597
Six months ended 30 June 2014									
Income and expenses from financial assets at fair value through profit or loss	165,999	- 510	5,480	- 1,044	4,436	364,567	- 3,969	360,598	530,522
Increase/(decrease)	**- 3,422**	**81,769**	**9,104**	**531**	**9,635**	**- 232,812**	**- 243,094**	**- 475,907**	**- 387,925**
% increase/(decrease)	**-2.1%**	**-16033.1%**	**166.1%**	**-50.9%**	**217.2%**	**-63.9%**	**6124.8%**	**-132.0%**	**-73.1%**

1.4- 1.5 NET INCOME FROM INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, FROM OTHER FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTY

This item totals €1,337,405 thousand for the six months ended 30 June 2015, slightly down on the €1,406,217 thousand of the same period of 2014. The item breaks down as follows:

(€000)

Six months ended 30 June 2015	Interest	Other income (expenses), net	Realised gains	Realised losses	Net realised gains/(losses)	Unrealised gains	Unrealised losses	Net unrealised gains/(losses)	Total income (expenses), net
Income and expenses from available-for-sale financial assets	1,164,864	15,835	216,175	- 42,275	173,900	-	-	-	1,354,599
Income from cash and cash equivalents	342	-	-	-	-	-	-	-	342
Income and expenses from loans and receivables	1,611	-	-	-	-	-	-	-	1,611
Income and expenses from other financial liabilities	- 19,906	-	-	-	-	-	-	-	- 19,906
Income and expenses from investments in associates	-	-	-	-	-	758	-	758	758
Total	**1,146,912**	**15,835**	**216,175**	**- 42,275**	**173,900**	**758**	**-**	**758**	**1,337,405**
Six months ended 30 June 2014	**Interest**	**Other income (expenses), net**	**Realised gains**	**Realised losses**	**Net realised gains/(losses)**	**Unrealised gains**	**Unrealised losses**	**Net unrealised gains/(losses)**	**Total income (expenses), net**
Income and expenses from available-for-sale financial assets	1,160,562	41,128	228,927	- 18,230	210,697	-	-	-	1,412,386
Income from cash and cash equivalents	4,061	-	-	-	-	-	-	-	4,061
Income and expenses from loans and receivables	438	-	-	-	-	-	-	-	438
Income and expenses from other financial liabilities	- 11,121	-	-	-	-	-	-	-	- 11,121
Income and expenses from investments in associates	-	-	-	-	-	453	-	453	453
Total	**1,153,939**	**41,128**	**228,927**	**(18,230)**	**210,697**	**453**	**0**	**453**	**1,406,217**
Increase/(decrease)	**(7,027.7)**	**(25,293.1)**	**(12,751.6)**	**(24,045.1)**	**(36,796.6)**	**305.4**	**0.0**	**305.4**	**(68,812.0)**
% increase/(decrease)	**-0.6%**	**-61.5%**	**-5.6%**	**131.9%**	**-17.5%**	**67.4%**	**n/s**	**67.4%**	**-4.9%**

Net income from financial assets classified as available-for-sale amounts to €1,354,599 thousand at the end of the period, substantially in line with the €1,412,386 thousand of the first half of 2014.

A small part of net expenses of approximately €17,194 thousand for the period under review (€6,170 thousand in the first half of 2014) relates to interest expense on the subordinated loan obtained from Poste Italiane and the new subordinated bonds issued by Poste Vita, totalling €19,906 thousand, €342 thousand in interest income on bank and post office current accounts, €1,611 thousand in interest earned on positive balances held in the intercompany cash management system, and €758 thousand reflecting the Group's share of EGI's profit for the period.

1.6 OTHER INCOME

This item amounts to €229 thousand for the first half of 2015, compared with €109 thousand for the same period of 2014 and primarily regards: i) the reversal of premiums ceded in previous years, totalling €18 thousand; ii) the recovery of claims paid in previous years, totalling €81 thousand; and iii) the recovery of personnel expenses, totalling €123 thousand.

2.1 NET CLAIMS EXPENSES

Total claims expenses, after the share attributable to reinsurers, total €10,389,065 thousand, compared with €9,589.502 thousand for the previous year. Total amounts paid, including allocated settlement costs and the change in technical provisions, amount to €10,399,984 thousand at 30 June 2015, compared with €9,600,150 thousand at 30 June 2014. These expenses break down as follows:

(€000)

for the six months ended 30 June	2015	2014	Increase/(decrease)	
Non-life insurance				
Claims paid	8,703.6	7,336.0	1,367.6	18.6%
Change in outstanding claims provisions	8,425.3	7,891.8	533.5	6.8%
Change in recoveries		-		
Change in other technical provisions	(91.7)	(274.3)	182.6	(66.6%)
Costs of settling claims	1,350.4	987.4	363.0	36.8%
Total non-life insurance	**18,388**	**15,941**	**2,446.7**	**15.3%**
Life insurance				
Claims paid	3,753,383.8	2,607,557.4	1,145,826.4	43.9%
Change in outstanding claims provisions	(5,715.3)	43,710.2	(49,425.5)	(113.1%)
Change in mathematical provisions	7,143,167.2	6,799,262.0	343,905.1	5.1%
Change in technical provisions where the investment risk is borne by policyholders and deriving from pension fund management	(391,571.5)	56,035.3	(447,606.7)	(798.8%)
Change in other technical provisions	(121,777.6)	72,992.2	(194,769.8)	(266.8%)
Costs of settling claims	4,110.2	4,652.0	(541.8)	(11.6%)
Total life insurance	**10,381,597**	**9,584,209**	**797,387.8**	**8.3%**
Total claims paid and change in technical provisions	**10,399,984**	**9,600,150**	**799,834.5**	**8.3%**

The share attributable to reinsurers amounts to €10,920 thousand, compared with €10,648 thousand for the previous year, and breaks down as follows:

(€000)

for the six months ended 30 June	2015	2014	Increase/(decrease)	
Non-life insurance				
Claims paid	2,896.5	2,786.5	110.1	4.0%
Change in outstanding claims provisions	1,823.7	2,411.5	(587.8)	(24.4%)
Change in other technical provisions		(39.3)	39.3	(100.0%)
Costs of settling claims	151.4	155.7	(4.3)	(2.7%)
Total non-life insurance	**4,872**	**5,314**	**(442.6)**	**(8.3%)**
Life insurance				
Claims paid	2,133.2	1,953.7	179.5	9.2%
Change in outstanding claims provisions	706.3	563.1	143.2	25.4%
Change in mathematical provisions	3,203.9	2,812.3	391.6	13.9%
Costs of settling claims	4.7		4.7	n/s
Total life insurance	**6,048.1**	**5,334.1**	**714.0**	**13.4%**
Total claims paid and change in technical provisions	**10,919.7**	**10,648.4**	**271.3**	**2.5%**

2.5 OPERATING COSTS

				(€000)
for the six months ended 30 June	2015	2014	Increase/(decrease)	
Non-life insurance				
Commissions and other acquisition costs:	11,539.6	10,061.9	1,477.6	14.7%
Acquisition commissions	9,485.0	8,865.9	619.1	7.0%
Other acquisition costs	2,054.6	1,196.1	858.6	71.8%
Commissions and share of profit received from reinsurers	(4,717.1)	(4,902.2)	185.1	-3.8%
Total non-life insurance	**6,822.5**	**5,159.7**	**1,662.8**	**32.2%**
Life insurance				
Commissions and other acquisition costs:	212,498.3	195,848.1	16,650.2	8.5%
Acquisition commissions	200,279.5	185,509.7	14,769.8	8.0%
Other acquisition costs	12,218.8	10,338.4	1,880.4	18.2%
Commissions and share of profit received from reinsurers	(976.5)	(918.0)	(58.5)	6.4%
Total life insurance	**211,521.8**	**194,930.1**	**16,591.7**	**8.5%**
Investment management expenses	**18,074.2**	**15,544.1**	**2,530.1**	**16.3%**
Other administrative expenses	**26,843.7**	**24,501.2**	**2,342.5**	**9.6%**
Total operating costs	**263,262.1**	**240,135.0**	**23,127.1**	**9.6%**

Acquisition commissions, net of changes in deferred acquisition costs, amounting to €209,764 for the first half of 2015 (€194,376 thousand for the first half of 2014), reflect commissions related to the sale of insurance products paid to Poste Italiane SpA's distribution network. Commissions relating to long-term contracts are amortised in accordance with ISVAP Regulation 22 of 4 April 2008.

The increase on the comparable amount for the previous year is due mainly to the growth in premium revenue. Commissions are set on the basis of a written arm's length agreement entered into with Poste Italiane SpA.

Other acquisition costs, amounting to €14,273 thousand (€11,535 at 30 June 2014), include expenses arising from the sale of insurance policies, other than acquisition commissions. Specifically, this sub-item includes advertising expenses incurred to market insurance products, administrative costs incurred in handling applications and drawing up policies, as well as employee expenses allocated, in whole or in part, to operational units or operations.

Commissions and the share of profit received from reinsurers, totalling €5,694 thousand for the period (€5,820 thousand for the first half of 2014), include commissions paid to the Company by reinsurers, calculated on the share of premiums ceded under the relevant treaties. The increase is due to the growth of the Group's business.

Costs not directly or indirectly attributable to the acquisition of premiums and contracts, to the settlement of claims or to investment management represent other administrative costs and total €26,844 thousand for the period, compared with €24,501 for the first half of 2014.

Investment management expenses of €18,074 thousand for the period, compared with €15,544 thousand for the first half of 2014, include portfolio management fees of €11,966 thousand, fees for the custody of securities, totalling €1,224 thousand, and overheads of €4,884 thousand allocated to this item. These increases are due to growth in the portfolio.

2.6 OTHER COSTS

This item amounts to €30,647 thousand for the period, compared with €26,078 thousand for the first half of 2014. These costs relate mainly to: i) maintenance commissions paid to the agent, totalling €11,492 thousand; ii) accrued charges incurred by the Company in the first half of 2015 in relation to dormant policies, totalling €675 thousand; iii) provisions made in the first half of 2015 in relation to the *Partecipa* product, which calls for the reimbursement of front-load commissions to policyholders extracted in a prize draw, totalling €15,346 thousand; iv) the reversal of premiums collected in previous years, totalling €818 thousand; v) overheads of €558 thousand allocated to this item; and vi) the share of the profit passed on to policyholders under the terms of the relevant policies, totalling €924 thousand.

3. INCOME TAX EXPENSE

Income tax expense for the six months ended 30 June 2015, amounting to €108,519 thousand, includes €73,181 thousand for current IRES and IRAP taxes and €35,338 thousand in net deferred tax expense, as shown below.

(€000)

	Six months ended 30 June 2015
Current taxation	**73,180.7**
- IRES	65,448.1
- IRAP	7,732.6
Deferred taxation:	**35,338.0**
- deferred tax liabilities arising during the period	40,225.6
- deferred tax liabilities used during the period	(190.0)
- deferred tax assets arising during the period	(6,622.7)
- deferred tax assets used during the period	1,925.0
Total	**108,518.7**

Deferred tax income and expense is calculated according to the tax rates expected to be applied during the year in which the assets are recovered, based on information available at the end of the period.

The net amount recognised in the income statement in relation to changes in deferred tax liabilities amounts to €40,035 thousand. This amount is primarily influenced by provisions for deferred tax liabilities for IRES and IRAP on the increased amount of finance income for the purposes of IAS/IFRS, compared with the income recognised on the basis of tax regulations.

Changes in deferred tax assets have resulted in deferred tax income of €4,698 thousand, which mainly reflects provisions for charges to be incurred in future periods, but attributable to the current period, and adjustments to the value of equity instruments held as current assets by Poste Vita, as well as other charges, such as impairments and losses on receivables and the non-deductible excess amount of the change in outstanding claims provisions at Poste Assicura, which will be deductible in equal instalments over future years.

The table below reconciles the effective tax charge and the tax charge resulting from application of the statutory IRES tax rate of 27.5%. No account was taken of IRAP, considering that the tax base for this tax is different from that on which IRES is calculated.

(€000)

	Six months ended 30 June 2015	
	Amount	Tax rate
Profit before tax	**273,896.0**	
Income tax based on statutory tax rate (only IRES at 27.5%)	**75,321.4**	**27.50%**
Change in life technical provisions	27,901.2	10.18%
Non-deductible interest expense	211.6	0.08%
Non-deductible extraordinary expenses	263.9	0.10%
Deduction of IRAP from IRES	(209.1)	(0.08%)
ACE (aid for economic growth) relief	(10,129.7)	(3.70%)
Other	(203.9)	(0.08%)
Corporate income tax (IRES)	**93,155.3**	**34.01%**
IRAP (regional business tax)	**15,363.4**	**5.61%**
Income tax expense for the period	**108,518.7**	**39.62%**

OTHER INFORMATION

Strategic direction and coordination

The Parent Company, Poste Vita, is wholly owned by Poste Italiane SpA, which performs direction and coordination activities for the Group. The table below shows key financial and operational indicators extracted from Poste Italiane SpA's latest financial statements. Reference should be made to Poste Italiane SpA's financial statements which, together with the independent auditors' report, are available in the form and manner established by law.

POSTE ITALIANE SPA

STATEMENT OF FINANCIAL POSITION

(€000)

ASSETS	**at 31 December 2014**	**at 31 December 2013**
Non-current assets	**46,208,447**	**44,218,826**
Current assets	**21,201,468**	**18,671,539**
Inventories		
Non-current assets held for sale	**-**	**-**
TOTAL ASSETS	**67,409,915**	**62,890,365**

EQUITY AND LIABILITIES	**at 31 December 2014**	**at 31 December 2013**
Equity		
Share capital	1,306,110	1,306,110
Reserves	2,933,893	1,801,921
Retained earnings	2,264,920	2,322,175
Total	**6,504,923**	**5,430,206**
Non-current liabilities	**8,016,804**	**8,151,766**
Current liabilities	**52,888,188**	**49,308,393**
TOTAL EQUITY AND LIABILITIES	**67,409,915**	**62,890,365**

POSTE ITALIANE SPA

STATEMENT OF PROFIT OR LOSS

for the year ended 31 December

(€000)	2014	2013
Revenue from sales and services	8,470,673	8,978,220
Other income from financial activities	388,971	307,504
Other operating income	306,753	147,059
Total revenue	**9,166,397**	**9,432,783**
Cost of goods and services	1,921,417	2,024,373
Other expenses from financial activities	5,766	7,293
Personnel expenses	5,971,907	5,755,065
Amortisation, depreciaton and impairments	578,505	501,134
Capitalised costs and expenses	(6,218)	(4,908)
Other operating costs	314,388	232,487
Operating profit/(loss)	**380,632**	**917,339**
Finance costs	178,625	92,643
Finance income	70,977	139,125
Profit before tax	**272,984**	**963,821**
Income tax expense	216,092	473,491
Income tax for previous years following change in legislation	-	(217,758)
PROFIT FOR THE YEAR	**56,892**	**708,088**

Related party transactions

Transactions between the Parent Company, Poste Vita SpA, and its subsidiary, Poste Assicura SpA, have been eliminated, as consolidated financial statements require the elimination of intercompany transactions and, as such, they are not shown in this section. They relate mainly to staff secondment, office rental and the organization of space, administration, support, IT assistance, communication and marketing.
Assets, liabilities, costs and income arising from transactions between Group companies, including the Parent Company, and their related parties are shown in the following tables:

(€000)

Related party	at 30 June 2015		at 31 December 2014	
	Assets	Liabilities	Assets	Liabilities
Associate	164,047		163,286	
Other related parties	2,961,009	601,757	3,674,841	639,118

(€000)

Related party	Six months ended 30 June 2015		Six months ended 30 June 2014	
	Income	Costs	Income	Costs
Associate	758		453	
Other related parties	32,775	348,114	74,667	226,913

The Parent Company, Poste Vita, is wholly owned by Poste Italiane SpA, which directs and coordinates the Group.
Transactions with Poste Italiane SpA, which owns all the shares outstanding, are governed by written agreements and conducted on an arm's length basis. They regard mainly:

- the sale and distribution of insurance products at post offices and related activities;
- post office current accounts;
- partial secondment of personnel used by the companies in the Insurance Group;
- support in organising the business and in the recruitment and management of personnel;
- the pick-up, packaging and shipping of ordinary mail;
- call centre services;
- Information Technology services.
- Third party liability insurance for management personnel. This policy has been entered into by Poste Italiane SpA in order to insure members of the boards of directors, boards of statutory auditors, supervisory boards and management personnel of Poste Italiane group companies against claims for third party liability. This policy (classified as Branch 13 – General Third Party Liability) also covers members of the boards of directors of the Parent Company, Poste Vita, and Poste Assicura who are representatives of the parent, Poste Italiane, despite the fact that they are not employees of these companies (management personnel).

Furthermore, at 30 June 2015, subordinated loan notes, totalling €450 million and issued by the Parent Company, Poste Vita, have been subscribed for by Poste Italiane SpA. The notes provide a market rate of return reflecting the creditworthiness of the Company.

At 30 June 2015, assets also include the investment in the associate, Europa Gestioni Immobiliare SpA (EGI), totalling €164,047 thousand, and the Group's share of the associate's profit for the period, totalling €758 thousand.
With respect to other related parties, at 30 June 2014, assets also include securities with a fair value of €2,419,927 thousand, which generated income for the period amounting to €30,749 thousand.
In addition to the relationship with the parent, Poste Vita Group companies also maintain operational relations with other Poste Italiane Group companies, with regard to:

- management of the Company's free capital and of a part of the portfolio investments attributable to separately managed accounts (Bancoposta Fondi SGR);
- printing, enveloping and mail delivery through information systems; management of incoming mail, the dematerialization and filing of printed documentation (Postel);
- services related to network connections with Poste Italiane's post offices (Postecom);
- mobile telephone services (Poste Mobile);
- advice on obligations pertaining to occupational health and safety (Poste Tutela);
- Term Life Insurance policies (Postel, BdM-MCC, Poste Mobile; Bancoposta Fondi SGR; Poste Energia; EGI; Poste Shop; Postecom; Poste Tributi).
- Accident, General Third Party Liability and Fire insurance – loans with MCC.

These arrangements are also conducted on an arm's length basis.

Determination of fair value

EU Regulation 1255/2012 of 11 December 2012 endorsed IFRS 13 - Fair Value Measurement, effective 1 January 2013. The new standard introduced a single framework to calculate the fair value of financial and non-financial assets and liabilities. In particular, the new standard defines fair value clearly and in detail.

Fair value is the "exit price", the price obtained for the sale of an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date.

An ordinary transaction takes place in the main market or, alternatively, in the most advantageous for the asset or the liability at the measurement date. Fair value is a market price if the information is available in an active market (or in the market where the goods traded are identical, buyers and sellers are willing to trade at any time and prices can be accessed by the public).

In the absence of an active market, IFRS 13 provides guidance on the procedures and techniques to be used to measure fair value, which must maximise observable inputs.

At any rate, if fair value cannot be reliably determined, amortised cost is the best estimate of fair value.

Moreover, based on the nature of the inputs used to calculate fair value, IFRS 13 classifies assets and liabilities designated at fair value within a three-level hierarchy:

Level 1: unadjusted quoted prices in active markets that the entity can access on the valuation date

Level 2: inputs other than quoted prices in level 1, observable directly and indirectly for the asset or the liability

Level 3: non-observable inputs for the asset or liability.

Classification within the hierarchy takes place by considering the level corresponding to the lowest significant input used in measurement.

In terms of the assets and liabilities measured as per above, the Company applies the method described below, which is currently also used by the Parent Company, Poste Italiane SpA, to harmonize pricing and levelling criteria.

Debt securities

If an active market is available, fair value is the market price (bid price).

Alternatively, fair value is determined on the basis of the discounted cash flow method, which refers to input data observable in the market for similar instruments. In the case of structured instruments, the option component, which is identified with interest rate risk, is measured in accordance with traditional valuation methods, involving closed-form solutions with such specific risk factor underlying the option.

Equity instruments

The Company has only securities quoted in active markets and, as such, their fair value is the same as their market price.

UCITS units

The Company holds units in UCITS, whose NAV is made available by public information providers and is indicative of the market price of the instrument. Therefore, for these instruments, fair value reflects NAV at the measurement date.

Investments in private equity funds

The fair value of private equity funds is generally expressed as the NAV at the reporting date, as determined by using NAVs published from time to time and the audited financial statements provided by fund managers. In the event that such NAV is not available, the latest NAV notified by the Fund is adjusted to take account of developments in the Fund's operations, with respect to new investments and/or divestments occurring in the period. These inputs are not observable in the market.

Derivatives (warrants):

With reference to the characteristics of the instruments in portfolio, fair value is determined through valuation models either internal or provided by external vendors. Measurement is effected through a closed-form model. The main inputs used in the exercise include volatility, interest rates, yield curves, credit spreads, estimated dividends and exchange rates observable at frequent intervals.

Financial liabilities

The Company holds subordinated liabilities accounted for at amortised cost. The relevant fair value is shown in the notes.

IFRS 12

Adopted with (EU) Regulation 1254/2012, IFRS 12 is a consolidated disclosure standard requiring a wide range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and non-consolidated structured entities. This standard summarises all the disclosures that an entity is required to make to allow financial statement users to assess the nature and risks deriving from its investments in other entities, and the effects of such investments on the statement of financial position, operating performance and cash flows. A structured entity is an entity designed in such a way as not to make voting rights the key factor in determining control over it, as in the case where voting rights refer solely to administrative activities and the relevant operations are managed on the basis of contractual arrangements.

At 30 June 2015, the above definition encompasses investments held by Poste Vita in the following funds:

- BlackRock MultiAssets diversified distribution fund (Open-end fund)
- MFX - Global Multi - Asset Income Fund (Open-end fund)
- Advance Capital Energy Fund (Closed-end fund)
- Piano 400 Fund Deutsche Bank (Open-end fund)
- Tages Capital Platinum (Open-end fund)
- Tages Platinum Growth (Open-end fund)

As provided for in paragraphs 24-31 of IFRS 12, supported by paragraphs B25 – B26, Poste Vita is required to provide disclosures in its consolidated financial statements that will allow financial statement users to assess the following, with regard to each non-consolidated structured entity:

- the nature and extent of its interest in the entity;
- the nature of the risks associated with its interest in the entity.

The required disclosures are provided below.

Nature of the interest in the non-consolidated structured entity (IFRS 12.26)

With regard to the first point, we hereby provide qualitative and quantitative disclosures regarding the nature, purpose, size and activities of the non-consolidated structured entity, and how the entity is financed.

The Company holds interests in excess of 50% in each of the above funds, with 100% interests in the Tages, Piano 400, Blackrock and MFX - Global Multi-Asset. The interest in the latter fund was acquired in May 2015; quantitative disclosures for this latter investment are included in the following tables, together with those for the other funds. The Company's investments in the funds do not qualify as controlling interests as defined by IFRS10 and have not been consolidated, but, in any event, fall within the scope of application of IFRS12 in that they are non-consolidated structured entities. The purpose of Poste Vita's investment in the funds is to diversify its portfolio of financial instruments intended to cover Branch I products (Separately Managed Accounts), with the objective of mitigating the concentration of investments in Italian government bonds and euro-denominated corporate bonds.

The following table provides the disclosures required by IFRS 12.26:

ISIN	Name	Nature of entity	Activity of fund	% investment	NAV of fund (€000)
LU1193254122	MFX - GLOBAL FUND - ASSET GLOBAL FUND (PIMCO MULTI ASSET)	Harmonised open-end UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100.00%	1,579,158
IE00BP9DPZ45	BLACKROCK DIVERSIFIED DISTRIBUTION FUND	Harmonised open-end UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100.00%	4,129,949
IT0004597396	ADVANCE CAPITAL ENERGY FUND	Non-harmonised closed-end fund of funds	Investment in energy companies to increase their value and, via the subsequent sale, generate capital gains.	86.21%	23,247
IE00B1VWGP80	PIANO 400 FUND DEUTSCHE BANK	Harmonised open-end	Investment in a mix of asset classes, above all debt instruments from various sectors and countries.	100.00%	520,382
IT0004801996	TAGES CAPITAL PLATINUM	Non-harmonised fund of hedge funds	Pursuit of absolute returns, with a low degree of volatility and long-term correlation with the principal financial markets.	100.00%	217,128
IT0004937691	TAGES PLATINUM GROWTH	Non-harmonised fund of hedge funds	Pursuit of absolute returns, with a low degree of volatility and long-term correlation with the principal financial markets.	100.00%	130,379

Nature of the risk (IFRS 12. 29 – 31)

The following disclosures are provided with regard to the second point:

- the carrying amounts of the assets and liabilities recognised in the financial statements in relation to the non-consolidated structured entity;
- the line items in the statement of financial position in which those assets and liabilities are recognised;
- the maximum exposure to loss from the Company's interests in non-consolidated structured entities, including how the maximum exposure to loss is determined.
- a comparison of the carrying amounts of the assets and liabilities of the entity that relate to its interests in non-consolidated structured entities and the maximum exposure to loss from those entities.

The following table provides the disclosures required for each non-consolidated structured entity:

(€000)

ISIN	Name	Category in financial statements	Carrying amount of investment	Maximum loss exposure (1)	Comparison of carrying amount and maximum exposure	Method for determining maximum loss exposure
LU1193254122	MFX - GLOBAL FUND - ASSET GLOBAL FUND (PIMCO MULTI ASSET)	Financial assets at fair value through profit or loss	1,579,158	204,501	1,374,657	Analytical VaR 99.5% over 1-year time horizon
IE00BP9DPZ45	BLACKROCK DIVERSIFIED DISTRIBUTION FUND	Financial assets at fair value through profit or loss	4,129,949	494,329	3,635,619	Analytical annualised VaR 99.5%
IT0004597396	ADVANCE CAPITAL ENERGY FUND	Available-for-sale financial assets	20,041	10,481	9,560	VAR at 99.5% over a 1-year time horizon
IE00B1VWGP80	PIANO 400 FUND DEUTSCHE BANK	Available-for-sale financial assets	520,382	19,973	500,409	Difference between market value at the measurement date and par value (equal to 100)
IT0004801996	TAGES CAPITAL PLATINUM	Available-for-sale financial assets	217,128	41,158	175,970	VAR at 99.5% over a 1-year time horizon
IT0004937691	TAGES PLATINUM GROWTH	Available-for-sale financial assets	130,379	2,155	128,224	VAR at 99.5% over a 1-year time horizon
			6,597,037	**772,598**	**5,824,439**	

(1) The maximum loss is estimated before taking account of the ability to absorb losses on liabilities, thereby resulting in a more prudential estimate.

Changes in the fair value of the above funds during the period are passed on to the policyholder under the shadow accounting mechanism, as they regard financial instruments included in separately managed accounts.

Risk management

The Risk Management process involves the identification, assessment and ongoing management of all risks. The process breaks down into the following stages:

- identification: during which the risks to which the Company is exposed are identified and classified and the quantitative or qualitative risk assessment standards and methods are defined;
- measurement/assessment: during which the risks to which the Company is exposed and the potential impact on equity are appropriately assessed and/or measured;
- control: during which the risk exposure, risk profile and compliance with the related limits are monitored and controlled;
- mitigation: during which the organisational and other measures adopted by the Company to mitigate the various types of risk are assessed; any corrective actions are identified and implemented with a view to keeping risk within the established limits;
- reporting: during which appropriate reports on the risk profile and the related exposures are prepared and produced for the Company's internal departments and corporate bodies and for regulators and external stakeholders.

The risk identification process has resulted in identification of risks deemed to be significant; these risks are classified according to a taxonomy that is in line with the classifications used in "Pillar One" of Solvency II, appropriately expanded to take into account risks not included in "Pillar One". The identified risk classes are as follows:

- market risk
- technical risk
- liquidity risk
- operational risk
- other risks

1. Market risk

Financial instruments held by the Poste Vita Group mainly related to investments designed to back contractual obligations to policyholders relating to traditional with-profits life insurance policies, to pension-type policies and to index- and unit-linked products. Further investments in financial instruments relate to the deployment of the Group's free capital.

Traditional life policies (Branches I and V) include products where the benefits are subject to revaluation based on the returns generated through the management of separate pools of financial assets, which are separately identifiable in accounting terms only, within the Company's assets (the separately managed accounts, *PostavalorePiù* and *PostaPensione*). Typically, the Company guarantees a minimum return on such products, payable at maturity (at 30 June 2015, between 0% and 1.5%). The impact of financial risk on investment performance can be absorbed in full or in part by the insurance provisions based on the level and structure of the guaranteed minimum returns and the profit-sharing mechanisms of the “separate portfolio” for the policyholder. The company determines the sustainability of minimum returns through periodic analysis using an internal financial-actuarial (Asset-Liability Management) model which simulates, for each separate portfolio, the change in value of the financial assets and the expected returns under a “central scenario” (based on current financial and actuarial assumptions) and under stress scenarios (economic and financial variables, surrenders, new business).

Index- and unit-linked products, so-called Branch III products, refer to policies where the premiums are invested in structured financial instruments (index-linked products issued prior to the introduction of ISVAP Regulation 32 of 11 June 2009), Italian government securities and equity or inflation-indexed warrants (index-linked products issued after the introduction of ISVAP Regulation 32), and mutual investment funds (unit-linked).

For this type of product issued prior to the introduction of ISVAP Regulation 32 and for unit-linked policies (with the exception of the unit-linked *Programma Guidattiva Radar* product), the Insurance Group does not guarantee capital or a minimum return and, therefore, the associated financial risks are borne entirely by the customer (returns on the policies are entirely linked to the matching assets). For policies issued after the introduction of the above-mentioned Regulation 32, on the other hand, the Group assumes liability for solvency risk associated with the instruments in which premiums are invested (returns on the policies are only partially linked to the matching assets).

Against this backdrop, investment strategies and guidelines are established in Board of Directors’ resolutions. The investment process also includes a governance system reinforced by a number of committees (whose roles are described in the section on “Corporate governance”), tasked with providing advice and making recommendations to senior management.

The monitoring of market risk takes different forms depending on the purpose of the investments (Branch I products and the investment of “free capital”, on the one hand, Branch III, on the other).

The following sub-categories make up market risk:

- price risk
- foreign exchange risk
- interest rate risk
- credit risk

Price risk

Price risk relates to financial assets that the Group has classified as “Available-for-sale” (AFS) or “Held for trading”, and certain derivative financial instruments where changes in value are recognised in profit or loss.

Available-for-sale financial assets subject to the risk in question concern mainly the position of Poste Vita SpA in investments in mutual funds and, to a lesser extent, equity instruments held on behalf of policyholders in separately managed accounts.

Price risk in relation to financial assets at fair value through profit or loss concerns Poste Vita SpA’s investments backing its obligations to the holders of policies sold. They include:

- structured bonds with a value of €1,346,342 thousand;
- units of mutual funds, totalling €6,404,451 thousand.

With respect to derivative instruments, price risk regards investments in warrants, totalling €299,232 thousand, held by Poste Vita SpA to back obligations to the holders of Branch III policies.

Fair value interest rate risk

This refers to the effects of changes in interest rates on the price of fixed rate financial instruments or variable rate financial instruments swapped into fixed rate via cash flow hedges and, to a lesser degree, the effects of change in interest rates on the spread of variable rate financial instruments or fixed rate financial instruments due to conversion via fair value hedges. The impact of these effects is directly related to the portfolio duration.

Available-for-sale financial assets exposed to the risk in question primarily regard:

- fixed income government bonds held by Poste Vita SpA, totalling €65,091,973 thousand (of which €6,086,721 thousand in inflation-linked bonds); of this amount, €61,716,762 backs Branch I policies linked to separately managed accounts, €494,975,066 thousand products related to specific assets, whilst €2,880,236 thousand refers to the Company's free capital;

- other financial instruments issued by corporate entities or funds that are mainly invested in bonds exposed to the risk in question, totalling €11,270,148 thousand, almost entirely backing Branch I policyholders and included in separately managed accounts.

In relation to financial assets at fair value through profit or loss, fair value interest rate risk concerns a portion of Poste Vita SpA's investments in fixed income instruments, totalling €8,110,839 thousand, comprising coupon-stripped BTPs with a fair value of €5,999,302 thousand, primarily backing Branch III policies, and debt securities totalling €2,111,537 thousand, backing separately managed accounts.

Sovereign and spread risk

The risk connected with falls in the prices of bonds held by the Company, reflecting a deterioration in issuers' credit ratings, applies to available-for-sale instruments of €76,362,122 thousand and financial instruments at fair value through profit or loss, totalling €8,110,839 thousand. Investments with a value of €79,032,875 thousand back Branch I products, whilst the remaining €3,024,214 thousand relates to investment of the Company's free capital.

Credit risk

This risk refers to all assets, except equity instruments and units of mutual funds.

Overall, credit risk is mitigated through:

- minimum rating requirements for issuers/counterparties, based on the type of instrument;
- concentration limits by issuer/counterparty;
- the monitoring of counterparties' ratings.

Liquidity risk

With regard to the policies issued by Poste Vita SpA, in order to analyse its liquidity risk profile, Company performs Asset/liability management (ALM) analysis to manage assets effectively in relation to its obligations to policyholders, and also develops projections of the effects deriving from financial market shocks (asset dynamics) and of the behaviour of policyholders (liability dynamics).

Cash flow interest rate risk

This concerns the effects of changes in interest rates on the cash flows generated by variable rate financial instruments. The Poste Vita Group holds instruments with a nominal amount of €8,079,110 thousand mainly to back Branch I policies linked to separately managed accounts.

Cash flow inflation risk

At 30 June 2015, cash flow inflation risk regarded inflation-linked government bonds, totalling €6,086,721 thousand.

2. Technical risk

This type of risk arises with the stipulation of insurance contracts and the terms and conditions contained therein (technical bases adopted, premium calculation, terms and conditions of cash surrender, etc.)

With respect to Poste Vita SpA, mortality is one of the main risk factors in life insurance, i.e. any risk associated with the uncertainty of a policyholder's life expectancy. Particular attention is paid in selling pure life insurance policies, an area where procedures set underwriting limits to the capital and the age of the policyholder. In terms of "pure life" insured amounts the Group's insurance companies transfer their risks to reinsurers in keeping with the nature of the products sold and conservation levels adequate to the companies' capital structure. The main life reinsurers of the Group are characterised by substantial financial strength.

For products with the capital sum subject to positive risk, such as term life insurance, this risk has negative consequences if the frequency of death exceeds the death probabilities realistically calculated (second order technical bases).

For products with the capital sum subject to negative risk, such as annuities, there are negative consequences when death frequencies are lower than the death probabilities realistically calculated (longevity risk).

That said, at 30 June 2015, the mortality risk is limited for the Group, considering the features of the products offered. The only area where this risk is somewhat significant is term life insurance. As such, actual death rates are compared from time to time with those projected on the basis of the demographics adopted for pricing purposes; so far, the former have always turned out to be much lower than the latter. Moreover, mortality risk is mitigated through reinsurance and by setting limits on both the capital and the age of the policyholder when policies are sold.

Longevity risk is also low. In fact, for most life insurance products, policyholders have exercised the option to annuitise their policies in a very small number of cases. Pension products, in particular, still account for a limited share of insurance liabilities (about 4%). In addition, for these products, the Group may, if certain conditions materialise, change the demographic base and the composition by sex used to calculate the annuity rates.

Pricing risk is the risk of incurring losses due to the inadequate premiums charged for the insurance products sold. It may arise due to:

- inappropriate selection of the technical basis;
- incorrect assessment of the options embedded in the product;
- incorrect evaluation of the factors used to calculate the expense loads.

As Poste Vita's mixed and whole-life policies have mostly cash value build-up features, accumulating in accordance with a technical rate of zero, the technical basis adopted does not affect premium calculation (and/or the insured capital). In fact, there is nearly no pricing risk associated with the choice of technical basis in Poste Vita's portfolio, except for the term life insurance products discussed above.

The options embedded in the policies held in portfolio include:

- Surrender option
- Guaranteed minimum return option
- Annuity conversion option

For nearly all the products in the portfolio there are no surrender penalties. The surrender risk only becomes significant, however, in the event of mass surrenders which, on the basis of historical evidence, have a low probability of occurrence.

Poste Assicura SpA, which began operating in the non-life sector in April 2010, is exposed to the following insurance risks:

• Underwriting risk: the risk deriving from the conclusion of insurance contracts, associated with the events insured, the processes followed when pricing and selecting risks, and unfavourable claims trends compared with previous estimates. This risk can be divided into the following categories:

- Pricing risk: the risk linked to the company's pricing of its policies and dependent on the assumptions used in order to calculate premiums. If prices are based on inadequate assumptions, the insurer may be exposed to the risk of being unable to meet its contractual obligations to policyholders. These risks include those related to disability-morbidity risk, or the risk associated with the payment of benefits or claims for illness and/or injury. This category includes the risk that the premiums charged are not sufficient to cover the costs effectively in the management of the contract and the risks linked to excessive growth in operations associated with poor selection of risks or the absence of resources sufficient to keep up with the pace of growth.

- Provisioning risk: referring to the risk that technical provisions are not sufficient to meet obligations to policyholders. This insufficiency may be due to incorrect estimates by the company and/or changes in the general environment.

- Catastrophe risk: the risk that extreme and exceptional events have a negative impact that has not been taken into account when pricing the policies;

- Anti-selection risk: this relates to the company's unwillingness to insure an event not classified as future, uncertain and damaging.

Given the fact that the company’s insurance business is at the start-up stage, and in view of the expected growth of the portfolio and the different degrees of risk associated with the products distributed, the company has adopted a highly prudent approach to reinsurance. It has entered into pro rata reinsurance treaties with major reinsurance providers, establishing the amounts to be ceded based on the specific type and size of the risk to be assumed, backed up by excess-loss or stop-loss treaties to cover risks of a certain size (such as accident policies or so-called catastrophic risks). In addition, when defining the guarantees offered, the assumption of specific types of risk has been mitigated by limiting the size of pay-outs in the event of certain specific types of claim.

With reference to non-life risks, the Group performs specific analyses, including stress tests in terms of accident frequencies and amounts, to determine whether premiums collected are insufficient to meet commissions, claims and expenses.

3. Operational risk

Operational risk refers to the risk of losses resulting from inadequate or failed internal processes, people and systems, or from external events. This category of risk includes losses resulting from fraud, human error, business disruption, systems failures, breach of contracts and natural disasters. Operational risk includes legal risk.

Both Poste Vita SpA and Poste Assicura SpA, have drawn up and finalised their own framework for identifying, assessing and managing operational risks. The adopted approach reflects the specific nature of the processes and operational risk events typical of an insurance company. The process of assessing operational risk exposure involves both qualitative and quantitative analysis and is conducted through a structured process of identifying and assessing potential risks in terms of frequency, impact and mitigation. The overall risk exposure is modest thanks to the adoption of organisational measures and mitigating risk controls.

4. Other risks

This category primarily includes strategic risk and reputational risk.

Strategic risk

This is the current or prospective risk of a decline in earnings or capital arising from changes in the operating environment, from incorrect business decisions, inadequate decision implementation or a lack of reaction to changes in the competitive and market environment.

This risk is characterised by a satisfactory control level: risk management is inherent in strategic planning processes and, consistently with them, includes a three-year timeframe with annual reviews. Within this context, assumptions adopted in drafting plans are subject to periodic assessment and, if necessary, adapted to new market conditions.

Reputational risk

This is the current or prospective risk of a decline in earnings or capital arising from a negative perception of the Company's image among customers, counterparties, shareholders, employees, investors or regulators.

The activities of the Poste Vita Insurance Group are by their nature exposed to elements of reputational risk, given the type of customer served (above all, mass market). For this reason, in addition to mapping reputational risk, Poste Vita carries out rigorous monitoring and controls of the risks to which all its insurance products are exposed (controls are carried out using procedures that are identical, in terms of methods and tools, to those used to monitor and control the risks directly assumed by the companies).

In particular, with regard to Branch III investment backing index-linked and unit-linked products issued prior to the introduction of ISVAP Regulation 32, the Parent Company, Poste Vita, does not guarantee capital or a minimum return: for these products, therefore, risk controls aim to prevent the occurrence of legal or reputational risk (the risk of a negative financial impact deriving from customers' perception that they have been misled or poorly advised, or of damages payable as a result of legal action brought by customers or regulators). The assessment and management of reputational risk for Branch III products is thus conducted through identification, assessment and management of the market and credit risks associated with each product. Any problems and/or increases in such risks are reported to senior management and the Board of Directors.

STATEMENT OF FINANCIAL POSITION - ASSETS

(€000)

		at 30 June 2015	at 31 December 2014
1	**INTANGIBLE ASSETS**	**20.092**	**16.372**
1.1	Goodwill	-	-
1.2	Other intangible assets	20.092	16.372
2	**TANGIBLE ASSETS**	4.379	4.438
2.1	Land and buildings	-	-
2.2	Other tangible assets	4.379	4.438
3	**TECHNICAL PROVISIONS CEDED TO REINSURERS**	59.774	54.403
4	**INVESTMENTS**	**94.011.858**	**90.263.862**
4.1	Investment property	-	-
4.2	Investments in subsidiaries, associates ad joint ventures	164.047	163.286
4.3	Investments held to maturity	-	-
4.4	Loans and receivables	161.030	726.350
4.5	Available-for-sale financial assets	77.525.917	77.012.829
4.6	Financial assets at fair value through profit or loss	16.160.863	12.361.397
5	**SUNDRY RECEIVABLES**	***386.123***	***71.990***
5.1	Receivables arising from direct insurance transactions	250.701	8.451
5.2	Receivables arising from reinsurance transactions	8.678	3.823
5.3	Other receivables	126.744	59.716
6	**OTHER ASSETS**	**1.581.784**	**1.257.371**
6.1	Non-current assets or disposal groups held for sale	-	-
6.2	Deferred acquisition costs	54.508	52.517
6.3	Deferred tax assets	13.173	8.442
6.4	Current tax assets	1.510.747	1.194.568
6.5	Sundry assets	3.355	1.843
7	**CASH AND CASH EQUIVALENTS**	**1.142.412**	**655.919**
	TOTAL ASSETS	**97.206.422**	**92.324.357**

STATEMENT OF FINANCIAL POSITION - EQUITY AND LIABILITIES

(€000)

		at 30 June 2015	at 31 December 2014
1	**EQUITY**	**3.086.923**	**3.084.239**
1.1	**attributable to the owners of the Parent**	3.086.923	3.084.239
1.1.1	Share capital	1.216.608	1.216.608
1.1.2	Other equity instruments	-	-
1.1.3	Capital reserves	-	-
1.1.4	Retained earnings and other reserves	1.543.603	1.318.772
1.1.5	(Treasury shares)	-	-
1.1.6	Reserve for currency translation differences	-	-
1.1.7	Valuation reserve for available-for-sale financial assets	161.367	224.113
1.1.8	Other valuation reserve	(33)	(85)
1.1.9	Profit/(Loss) for the period attributable to owners of the Parent	165.377	324.832
1.2	**attributable to non-controlling interests**	-	-
1.2.1	Share capital and reserves attributable to non-controlling interests	-	-
1.2.2	Valuation reserves	-	-
1.2.3	Profit/(Loss) for the period attributable to non-controlling interests	-	-
2	**PROVISIONS**	**10.650**	**10.650**
3	**TECHNICAL PROVISIONS**	**91.995.926**	**87.219.518**
4	**FINANCIAL LIABILITIES**	**1.200.485**	**1.300.854**
4.1	Financial liabilities at fair value through profit or loss	**-**	**-**
4.2	Other financial liabilities	1.200.485	1.300.854
5	**PAYABLES**	**212.533**	**131.376**
5.1	Payables arising from direct insurance transactions	136.126	87.663
5.2	Payables arising from reinsurance transactions	17.028	8.567
5.3	Other payables	59.379	35.145
6	**OTHER LIABILITIES**	**699.904**	**577.720**
6.1	Liabilities included in disposal groups held for sale	-	-
6.2	Deferred tax liabilities	173.436	165.859
6.3	Current tax liabilities	515.496	407.229
6.4	Other liabilities	10.972	4.631
	TOTAL EQUITY AND LIABILITIES	**97.206.422**	**92.324.357**

INCOME STATEMENT

for the six months ended 30 June

(€000)

		2015	2014
1.1	Net premium revenue	9.476.639	8.249.252
1.1.1	*Gross premium revenue*	9.496.399	8.267.262
1.1.2	*Outward reinsurance premiums*	- 19.759	- 18.010
1.2	Fee and commission income	-	-
1.3	Net income (expenses) from financial assets at fair value through profit or loss	142.597	530.522
1.4	Income from investments in subsidiaries, associates and joint ventures	758	453
1.5	Income from other financial instruments and investment property	1.398.828	1.435.116
1.5.1	*Interest income*	1.166.818	1.165.060
1.5.2	*Other income*	15.835	41.129
1.5.3	*Realised gains*	216.175	228.927
1.5.4	*Unrealised gains*	-	-
1.6	Other income	229	109
1	**TOTAL REVENUE**	**11.019.051**	**10.215.452**
2.1	Net claims expenses	- 10.389.065	- 9.589.502
2.1.1	*Claims paid and change in technical provisions*	- 10.399.984	- 9.600.150
2.1.2	*Share attributable to reinsurers*	10.920	10.648
2.2	Commission expenses	-	-
2.3	Expenses arising from investments in subsidiaries, associates and joint ventures	-	-
2.4	Expenses arising from other financial instruments and investment properties	- 62.181	- 29.351
2.4.1	*Interest expense*	- 19.906	- 11.121
2.4.2	*Other expenses*	-	-
2.4.3	*Realised losses*	- 42.275	- 18.230
2.4.4	*Unrealised losses*	-	-
2.5	Operating costs	- 263.262	- 240.135
2.5.1	*Commissions and other acquisition costs*	- 218.344	- 200.090
2.5.2	*Investment management expenses*	- 18.074	- 15.544
2.5.3	*Other administrative expenses*	- 26.844	- 24.501
2.6	Other costs	- 30.647	- 26.078
2	**TOTAL COSTS AND EXPENSES**	**- 10.745.155**	**- 9.885.066**
	PROFIT/(LOSS) BEFORE TAX	**273.896**	**330.385**
3	Income tax expense	- 108.519	- 128.959
	PROFIT/(LOSS) FOR THE PERIOD	**165.377**	**201.427**
4	**PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS**	**-**	**-**
	CONSOLIDATED PROFIT/(LOSS)	**165.377**	**201.427**
	of which attributable to owners of the Parent	**165.377**	**201.427**
	of which attributable to non-controlling interests	**-**	**-**

STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June

(€000)

		2015		2014
CONSOLIDATED PROFIT/(LOSS)		**165.377**		**201.427**
Other components of comprehensive income that will not be reclassified to profit or loss, net of taxation		**49**	**-**	**51**
Change in subsidiaries' equity		**-**		**-**
Change in revaluation reserve for intangible assets		**-**		**-**
Change in revaluation reserve for tangible assets		**-**		**-**
Income and expenses from non-current assets and disposal groups held for sale		**-**		**-**
Actuarial gains and losses and adjustments related to defined-benefit plans		49	-	51
Other components		**-**		**-**
Other components of comprehensive income that may be reclassified to profit or loss, net of taxation	**-**	**62.742**		**56.599**
Change in reserve for currency translation differences		-		-
Gains or losses on available-for-sale financial assets	-	62.746		56.602
Gains or losses on cash flow hedges		-		-
Gains or losses on hedges of a net investment in foreign operations		-		-
Change in subsidiaries' equity		3	-	3
Income and expenses related to non-current assets or disposal groups held for sale		-		-
Other components		-		-
TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME	**-**	**62.694**		**56.548**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME		**102.684**		**257.975**
of which attributable to owners of the Parent		**102.684**		**257.975**
of which attributable to non-controlling interests		**-**		**-**

Details of other components of comprehensive income

for the six months ended 30 June

(€000)

	Changes		Adjustments due to reclassification to profit or loss		Other changes		Total changes		Tax		Balance	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	at 30 June 2015	at 30 June 2014
Other components of comprehensive income that will not be reclassified to profit or loss	48,7	(51,2)	-	-	-	-	48,7	(51,2)	-	-	(27,6)	(40,8)
Reserve for changes in subsidiaries' equity	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation reserve for intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation reserve for tangible assets	-	-	-	-	-	-	-	-	-	-	-	-
Income and expenses from non-current assets and disposal groups held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gains and losses and adjustments related to defined-benefit plans	49	(51)	-	-	-	-	49	(51)	-	-	(28)	(41)
Other components	-	-	-	-	-	-	-	-	-	-	-	-
Other components of comprehensive income that may be reclassified to profit or loss	(17.907)	77.451	(44.836)	(20.850)	-	-	(62.742)	56.599	(32.517)	(28.054)	161.362	204.726
Reserve for currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-
Gains or losses on available-for-sale financial assets	(17.910)	77.454	(44.836)	(20.850)	-	-	(62.746)	56.602	(32.517)	(28.054)	161.367	204.734
Gains or losses on cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-
Gains or losses on hedges of a net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-
Reserve for changes in subsidiaries' equity	3	(3)	-	-	-	-	3	(3)	-	-	(5)	(8)
Income and expenses related to non-current assets or disposal groups held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Other components	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME	**- 17.858**	**77.400**	**- 44.836**	**- 20.850**			**- 62.694**	**56.548**	**(32.517)**	**(28.054)**	**161.334**	**204.685**

STATEMENT OF CHANGES IN EQUITY

(€000)

		Balance at 31 December 2013	Changes in closing balances	Increases/ Decreases	Adjutments due to reclassification to profit or loss	Transfers	Balance at 30 June 2014
Equity attributable to owners of the Parent	Share capital	######### #######	-	-			######### #######
	Other equity instruments	-	-	-			-
	Capital reserves	-	-	-			-
	Retained earnings and other reserves	######### #######	-	256.120			######### #######
	(Treasury shares)	-	-	-			-
	Profit/(Loss) for the period	256.120	-	- 54.693			201.427
	Other components of comprehensive income	148.135	-	77.400	2.022.536		204.685
	Total attributable to owners of the Parent	######### #######	-	278.827	2.022.536	# #######	######### #######
Equity attributable to non-controlling interests	Share capital and reserves	-	-	-			-
	Profit/(Loss) for the period	-	-	-			-
	Other components of comprehensive income	-	-	-			-
	Total attributable to non-controlling interests	-	-	-			-
Total		**######### #######**	**-**	**278.827**	**- 20.850**		**######### #######**

		Balance at 31 December 2014	Changes in closing balances	Increases/ Decreases	Adjutments due to reclassification to profit or loss	Transfers	Balance at 30 June 2015
Equity attributable to owners of the Parent	Share capital	######### #######		-			######### #######
	Other equity instruments	-		-			-
	Capital reserves	-		-			-
	Retained earnings and other reserves	######### #######		224.832			######### #######
	(Treasury shares)	-		-			-
	Profit/(Loss) for the period	324.832		- 159.454			165.377
	Other components of comprehensive income	224.028		- 17.858	- 44.836		161.334
	Total attributable to owners of the Parent	######### #######		47.519	- 44.836	# #######	######### #######
Equity attributable to non-controlling interests	Share capital and reserves	-	-	-		# #######	-
	Profit/(Loss) for the period	-	-	-		# #######	-
	Other components of comprehensive income	-	-	-		# #######	-
	Total attributable to non-controlling interests	-	-	-		# #######	-
Total		**######### #######**	**-**	**47.519**	**- 44.836**	**# #######**	**######### #######**

CASH FLOW STATEMENT (indirect method)

for the six months ended 30 June

(€000)

	2015	2014
Profit/(Loss) for the period before tax	**273.896**	449.797
Changes in non-monetary items	**4.889.035**	**10.686.126**
Change in non-life premium reserve	785	5.109
Change in outstanding claims provisions and other non-life technical provisions	6.510	5.245
Change in outstanding claims provisions and other life technical provisions	4.763.742	11.040.477
Change in deferred acquisition costs	(1.991)	(4.107)
Change in provisions	0	0
Non-monetary income and expenses from financial instruments, investment property and investments	115.309	(360.598)
Other changes	4.680	0
Change in receivables and payables generated by operating activities	**(237.535)**	**142.205**
Change in receivables and payables deriving from direct insurance sales and reinsurance transactions	(190.182)	25.198
Change in other receivables and payables	(47.353)	117.007
Income tax paid	**(195.899)**	**(243.246)**
Net cash generated by (used for) monetary items related to investing and financing activities	**(3.799.465)**	**(590.588)**
Liabilities from investment contracts issued by insurance companies	0	0
Due to bank and interbank customers	0	0
Loans and receivables outstanding with bank and interbank customers	0	0
Other financial instruments at fair value through profit or loss	(3.799.465)	(590.588)
TOTAL NET CASH GENERATED BY OPERATING ACTIVITIES	**930.032**	**10.324.882**
Net cash generated by (used for) investment property	0	0
Net cash generated by (used for) investments in subsidiaries, associates and joint ventures	(762)	(450)
Net cash generated by (used for) loans and receivables	565.320	(752.865)
Net cash generated by (used for) investments held to maturity	0	0
Net cash generated by (used for) available-for-sale financial assets	(628.397)	(9.580.756)
Net cash generated by (used for) tangible and intangible assets	(8.120)	(5.692)
Other net cash generated by (used for) investing activities	0	0
TOTAL NET CASH GENERATED BY (USED FOR) INVESTING ACTIVITIES	**(71.959)**	**(10.339.763)**
	0	0
Net cash generated by (used for) equity instruments attributable to owners of the Parent	-271.212	-72.409
Net cash generated by (used for) treasury shares	0	0
Distribution of dividends to owners of the Parent	0	0
Net cash generated by (used for) share capital and reserves attributable to non-controlling interests	0	0
Net cash generated by (used for) subordinated liabilities and equity instruments	(100.368)	745.588
Net cash generated by (used for) sundry financial liabilities	0	0
TOTAL NET CASH GENERATED BY (USED FOR) FINANCING ACTIVITIES	**-371.581**	**673.179**
Effect of exchange rate differences on cash and cash equivalents	0	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	655.919	804.856
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**486.492**	**658.299**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1.142.412	1.463.155

Statement of financial position by operating segment

(€000)

		Non-life business		Life business		… (*)		Intersegment eliminations		Total	
		at 30 June 2015	at 31 Dec 2014	at 30 June 2015	at 31 Dec 2014	at 30 June 2015	at 31 Dec 2014	at 30 June 2015	at 31 Dec 2014	at 30 June 2015	at 31 Dec 2014
1	**INTANGIBLE ASSETS**	**8.103**	**8.086**	**11.989**	**8.286**	**-**	**-**	**-**	**-**	**20.092**	**16.372**
2	**TANGIBLE ASSETS**	**348**	**259**	**4.032**	**4.179**	**-**	**-**	**-**	**-**	**4.379**	**4.438**
3	**TECHNICAL PROVISIONS CEDED TO REINSURERS**	**24.514**	**23.053**	**35.260**	**31.350**	**-**	**-**	**-**	**-**	**59.774**	**54.403**
4	**INVESTMENTS**	**127.497**	**120.151**	**93.912.536**	**90.171.886**	**-**	**-**	**- 28.175**	**- 28.175**	**94.011.858**	**90.263.862**
4.1	Investment property	-	-	-	-	-	-	-	-	-	-
4.2	Investments in subsidiaries, associates ad joint ventures	-	-	192.223	191.461	-	-	- 28.175	- 28.175	164.047	163.286
4.3	Investments held to maturity	-	-	-	-	-	-	-	-	-	-
4.4	Loans and receivables	-	-	161.030	726.350	-	-	-	-	161.030	726.350
4.5	Available-for-sale financial assets	127.497	120.151	77.398.420	76.892.678	-	-	-	-	77.525.917	77.012.829
4.6	Financial assets at fair value through profit or loss	-	-	16.160.863	12.361.397	-	-	-	-	16.160.863	12.361.397
5	**SUNDRY RECEIVABLES**	**8.877**	**3.386**	**379.048**	**70.181**	**-**	**-**	**- 1.802**	**- 1.577**	**386.123**	**71.990**
6	**OTHER ASSETS**	**11.915**	**9.920**	**1.569.869**	**1.247.451**	**-**	**-**	**-**	**-**	**1.581.784**	**1.257.371**
6.1	Deferred acquisition costs	2.973	3.480	51.535	49.037	-	-	-	-	54.508	52.517
6.2	Other assets	8.942	6.440	1.518.334	1.198.414	-	-	-	-	1.527.276	1.204.854
7	**CASH AND CASH EQUIVALENTS**	**19.315**	**11.757**	**1.123.096**	**644.163**	**-**	**-**	**-**	**-**	**1.142.412**	**655.919**
	TOTAL ASSETS	**200.570**	**176.613**	**97.035.829**	**92.177.496**	**-**	**-**	**- 29.978**	**- 29.752**	**97.206.422**	**92.324.357**
1	**EQUITY**	**41.561**	**39.314**	**3.072.378**	**3.071.942**	**-**	**-**	**- 27.016**	**- 27.016**	**3.086.923**	**3.084.239**
2	**PROVISIONS**	**-**	**-**	**10.650**	**10.650**	**-**	**-**	**-**	**-**	**10.650**	**10.650**
3	**TECHNICAL PROVISIONS**	**98.531**	**89.775**	**91.897.395**	**87.129.743**	**-**	**-**	**-**	**-**	**91.995.926**	**87.219.518**
4	**FINANCIAL LIABILITIES**	**-**	**-**	**1.200.485**	**1.300.854**	**-**	**-**	**-**	**-**	**1.200.485**	**1.300.854**
4.1	Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-
4.2	Other financial liabilities	-	-	1.200.485	1.300.854	-	-	-	-	1.200.485	1.300.854
5	**PAYABLES**	**28.725**	**17.324**	**185.610**	**115.628**	**-**	**-**	**- 1.802**	**- 1.577**	**212.533**	**131.376**
6	**OTHER LIABILITIES**	**5.217**	**3.790**	**694.687**	**573.930**	**-**	**-**	**-**	**-**	**699.904**	**577.720**
	TOTAL EQUITY AND LIABILITIES	**174.034**	**150.203**	**97.061.206**	**92.202.746**	**-**	**-**	**- 28.818**	**- 28.593**	**97.206.422**	**92.324.357**

(*) To be completed, if necessary adding further columns, based on the significance of operations in the various segments.

		Non-life business		Life business		... (*)		Intersegment eliminations		Total	
		2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
1.1	Net premium revenue	34.151	26.620	9.442.489	8.222.632			-	-	9.476.639	8.249.252
1.1.1	*Gross premium revenue*	47.341	38.566	9.449.058	8.228.696			-	-	9.496.399	8.267.262
1.1.2	*Outward reinsurance premiums*	(13.190)	(11.946)	(6.570)	(6.064)	0	0	-	-	- 19.759	- 18.010
1.2	Fee and commission income	-	-	-	-			-	-	-	-
1.3	Net income (expenses) from financial assets at fair value through profit or loss	- 0	-	142.597	530.522			-	-	142.597	530.522
1.4	Income from investments in subsidiaries, associates and joint ventures	-	-	758	453			-	-	758	453
1.5	Income from other financial instruments and investment property	1.866	2.124	1.396.961	1.432.992			-	-	1.398.828	1.435.116
1.6	Other income	274	251	1.268	907			(1.313)	(1.049)	229	109
1	**TOTAL REVENUE**	**36.291**	**28.995**	**10.984.074**	**10.187.506**			**(1.313)**	**(1.049)**	**11.019.051**	**10.215.452**
2.1	Net claims expenses	(13.516)	(10.627)	(10.375.549)	(9.578.875)			-	-	(10.389.065)	(9.589.502)
2.1.1	*Claims paid and change in technical provisions*	(18.388)	(15.941)	(10.381.597)	(9.584.209)			-	-	(10.399.984)	(9.600.150)
2.1.2	*Share attributable to reinsurers*	4.872	5.314	6.048	5.334			-	-	10.920	10.648
2.2	Commission expenses	-	0	0	0			-	-	0	0
2.3	Expenses arising from investments in subsidiaries, associates and joint ventures	-	-	0	0			-	-	0	0
2.4	Expenses arising from other financial instruments and investment properties	(101)	0	(62.080)	(29.351)			-	-	(62.181)	(29.351)
2.5	Operating costs	(13.499)	(9.818)	(249.763)	(230.317)			-	-	(263.262)	(240.135)
2.6	Other costs	(2.395)	(1.495)	(29.565)	(25.632)			1.312,92	1.048,61	(30.647)	(26.078)
2	**TOTAL COSTS AND EXPENSES**	**(29.511)**	**(21.940)**	**(10.716.957)**	**(9.864.175)**			**1.312,92**	**1.048,61**	**(10.745.155)**	**(9.885.066)**
	PROFIT/(LOSS) BEFORE TAX	**6.780**	**7.055**	**267.116**	**323.331**	-	-	-	-	**273.896**	**330.385**

Scope of consolidation

Name	Country in which registered	Country of operation	Method (1)	Business (2)	% held directly	% total equity interest (3)	% of voting rights (4)	% consolidation
Poste Assicura SPA	086	086	G	1	100	100	100	100

(1) Consolidation method: Line-by-line =G, Proportionate=P, Line-by-line consolidation due to coordinated management=U

(2) 1=Italian ins.; 2=EU ins; 3=ins. other country; 4= insurance holding; 5=reinsurance EU; 6= reins. other country; 7=banks; 8=asset mgmt. co.; 9=holding co.; 10= real estate 11= other

(3) this is the sum of the equity interests related to all the companies along the ownership chain standing between the consolidating company and the company in question. If the latter is directly held by several subsidiaries it is necessary to add up all the interests.

(4) Total percentage of voting rights at general meetings if different from the direct or indirect equity interest.

Details of non-consolidated investments

Name	Country in which registered	Country of operation	Business (1)	Type (2)	% held directly	% total equity interest (3)	% of voting rights (4)	Carrying amount
EGI SPA	086	086	10	b	45	45	45	164.047

(1) 1=ass italiane; 2=ass EU; 3=ass stato terzo; 4=holding assicurative; 4.1= imprese di partecipazione finanziaria mista; 5=riass UE; 6=riass stato terzo; 7=banche; 8=SGR; 9=holding diverse; 10=immobiliari 11=altro
(2) subsidiaries (IFRS 10) ; b=associates (IAS28); c=joint ventures (IFRS 11); indicate with an asterisk (*) the companies as held for sale in accordance with IFRS 5 and show the key below the table.
(3) this is the sum of the equity interests related to all the companies along the ownership chain standing between the consolidating company and the company in question. If the
(4) Total percentage of voting rights at general meetings if different from the direct or indirect equity interest.

Scope of consolidation: investments in companies with significant non-controlling interests

					Key performance indicators							
Name	% attributable to non-controlling interests	% voting rights attributable to non-controlling interests	Profit/ (Loss) attributable to non-controlling interests	Equity attributable to non-controlling interests	Total assets	Invest-ments	Technical provisions	Financial liabilities	Equity	Profit/ (Loss) for the period	Dividends paid to non-controlling interests	Gross premium revenue

Financial and investment income and expenses

for the six months ended 30 June

(€000)

		Interest	Other income	Other expenses	Realised gains	Realised losses	Net realised gains/(losses)	Unrealised gains: Unrealised gains	Unrealised gains: Write-backs	Unrealised losses: Unrealised losses	Unrealised losses: Impairments	Net unrealised gains/(losses)	Total income (expenses), net 2015	Total income (expenses), net 2014
Investment income and expenses		**1.329.052**	**97.865**	**- 771**	**230.759**	**- 42.788**	**1.614.116**	**132.513**	**-**	**- 247.063**	**-**	**- 114.550**	**1.499.566**	**1.943.800**
a	From investment property	-	-	-	-	-	-	-	-	-	-	-	-	-
b	From investments in subsidiaries, associates and joint ventures	-	-	-	-	-	-	758	-	-	-	758	758	453
c	From investments held to maturity	-	-	-	-	-	-	-	-	-	-	-	-	-
d	From loans and receivables	1.611	-	-	-	-	1.611	-	-	-	-	-	1.611	438
e	From available-for-sale financial assets	1.164.864	15.835	-	216.175	- 42.275	1.354.599	-	-	-	-	-	1.354.599	1.412.387
f	From held-for-trading financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-
g	From financial assets at fair value through profit or loss	162.576	82.030	- 771	14.583	- 513	257.906	131.755	-	(247.063)	-	- 115.309	142.597	530.522
Income and expenses from sundry receivables		-	-	-	-	-	-	-	-	-	-	-	-	-
Income from cash and cash equivalents		342	-	-	-	-	342	-	-	-	-	-	342	4.061
Income and expenses from financial liabilities		**(19.906)**	**-**	**-**	**-**	**-**	**(19.906)**	**-**	**-**	**-**	**-**	**-**	**(19.906)**	**- 11.121**
a	From held-for-trading financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
b	From financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-
c	From other financial liabilities	(19.906)	-	-	-	-	(19.906)	-	-	-	-	-	(19.906)	- 11.121
Income and expenses from payables		-	-	-	-	-	-	-	-	-	-	-	-	-
Total		**1.309.488**	**97.865**	**- 771**	**230.759**	**- 42.788**	**1.594.552**	**132.513**	**-**	**- 247.063**	**-**	**- 114.550**	**1.480.002**	**1.936.739**

Interests in non-consolidated structured entities

(€000)

Name of structured entity	Revenue earned by structured entity during reporting period	Carrying amount (at transfer date) of assets transferred to structured entity during reporting period	Carrying amount of assets recognised in financial statements and attributable to structured entity	Asset class in financial statements	Carrying amount of liabilities recognised in financial statements and attributable to structured entity	Liability class in financial statements	Maximum loss exposure
MFX - GLOBAL FUND - ASSET GLOBAL FUND (PIMCO MULTI ASSET)			1.579.158	Financial assets at fair value through profit or loss	-	-	204.501
BLACKROCK DIVERSIFIED DISTRIBUTION FUND			4.129.949	Financial assets at fair value through profit or loss	-	-	494.329
ADVANCE CAPITAL ENERGY FUND			20.041	Available-for-sale financial assets	-	-	10.481
PIANO 400 FUND DEUTSCHE BANK			520.382	Available-for-sale financial assets	-	-	19.973
TAGES CAPITAL PLATINUM			217.128	Available-for-sale financial assets	-	-	41.158
TAGES PLATINUM GROWTH			130.379	Available-for-sale financial assets	-	-	2.155

Details of underwriting business

(€000)

		Six months ended 30 June 2015	Six months ended 30 June 2014
Non-life business			
NET PREMIUM REVENUE		34.151	24.885
a	Premium revenue	35.372	32.138
b	Change in premium reserve	1.221	7.253
NET CLAIMS EXPENSES		- 13.516	- 10.627
a	Claims paid	- 7.006	- 5.381
b	Change in outstanding claims provisions	- 6.602	- 5.480
c	Change in recoveries	-	-
d	Change in other technical provisions	92	235
Life business			
NET PREMIUM REVENUE		9.442.489	8.222.632
NET CLAIMS EXPENSES		- 10.375.549	- 9.578.875
a	Claims paid	- 3.755.356	- 2.610.251
b	Change in outstanding claims provisions	6.422	- 43.147
c	Change in mathematical provisions	- 7.139.963	- 6.796.450
d	Change in technical provisions where the investment risk is borne by policyholders and deriving	391.571	- 56.035
e	Change in other technical provisions	121.778	- 72.992

Details of tangible and intangible assets

(€000)

	Cost	Fair value		Total carrying amount
Investment property	-	-		-
Other properties	-	-		-
Other tangible assets	4.379	-		4.379
Other intangible assets	20.092	-		20.092

Details of technical provisions attributable to reinsurers

(€000)

	Total carrying amount	
	at 30 June 2015	at 31 Dec 2014
Non-life provisions	**24.514**	**23.053**
Life provisions	**35.260**	**31.350**
Technical provisions where the investment risk is borne by policyholders and provisions deriving from the management of pension funds	-	-
Mathematical and other provisions	35.260	31.350
Total provisions attributable to reinsurers	**59.774**	**54.403**

Details of assets and liabilities related to contracts issued by insurance companies where the investment risk is borne by policyholders and deriving from the management of pension funds

(€000)

	PBenefits linked to investment funds and market indices		Benefits linked to pension fund management		Total	
	at 30 June 2015	**at 31 Dec 2014**	**at 30 June 2015**	**at 31 Dec 2014**	**at 30 June 2015**	**at 31 Dec 2014**
On-balance-sheet assets	8.199.294	8.601.099	-	-	8.199.294	8.601.099
Intercompany assets *	-	-	-	-	-	-
Total assets	**8.199.294**	**9.306.141**	**-**	**-**	**8.199.294**	**8.601.099**
On-balance-sheet financial liabilities	-	-	-	-	-	-
On-balance-sheet technical provisions	- 8.111.906	8.503.478	-	-	- 8.111.906	8.503.478
Intercompany liabilities *	-	-	-	-	-	-
Total liabilities	**- 8.111.906**	**8.503.478**	**-**	**-**	**- 8.111.906**	**8.503.478**

* Assets and liabilities eliminated during the consolidation process

Details of technical provisions

(€000)

	at 30 June 2015	at 31 Dec 2014
Non-life provisions	***98.531***	***89.775***
Premium reserve	43.318	39.605
Outstanding claims provisions	53.956	45.531
Other provisions	1.257	4.639
of which provisions made after a test of adequacy of liabilities	1.109	4.400
Life provisions	**91.897.395**	**87.129.743**
Outstanding claims provisions	469.012	474.727
Mathematical provisions	75.778.873	68.638.821
Technical provisions where the risk is borne by policyholders and provisions deriving from the management of pension funds	8.111.906	8.503.478
Other provisions	7.537.604	9.512.717
of which provisions made after a test of adequacy of liabilities	-	-
of which deferred policyholder liabilities	7.453.846	9.427.809
Total technical provisions	***91.995.926***	***87.219.518***

Details of financial assets

(€000)

	Investments held to maturity		Loans and receivables		Available-for-sale financial assets		Financial assets at fair value through profit or loss: Held-for-trading financial assets		Financial assets at fair value through profit or loss: Financial assets designated at fair value through profit or loss		Total carrying amount	
	at 30 June 2015	at 31 Dec 2014	at 30 June 2015	at 31 Dec 2014	at 30 June 2015	at 31 Dec 2014	at 30 June 2015	at 31 Dec 2014	at 30 June 2015	at 31 Dec 2014	at 30 June 2015	at 31 Dec 2014
Equity instruments and derivatives recognised at cost	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments at fair value	-	-	-	-	8.741	8.032	-	-	-	-	8.741	8.032
of which listed	-	-	-	-	8.741	5.284	-	-	-	-	8.741	5.284
Debt securities	-	-	-	-	75.974.793	75.511.705	-	-	7.575.022	9.737.460	83.549.815	85.249.165
of which listed	-	-	-	-	75.907.194	74.885.778	-	-	7.574.790	9.735.082	83.481.984	84.620.860
UCITS units	-	-	-	-	1.542.383	1.493.092	-	-	6.404.451	2.417.564	7.946.834	3.910.656
Loans and receivables due from banks	-	-	-	-	-	-	-	-	-	-	-	-
Interbank loans and receivables	-	-	73.005	702.879	-	-	-	-	-	-	73.005	702.879
Deposits with ceding entities	-	-	-	-	-	-	-	-	-	-	-	-
Assets of investment components of insurance contracts	-	-	-	-	-	-	-	-	-	-	-	-
Other loans and receivables	-	-	88.025	23.471	-	-	-	-	-	-	88.025	23.471
Non-hedging derivatives	-	-	-	-	-	-	-	-	-	206.373	-	206.373
Hedging derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Other financial investments	-	-	-	-	-	-	-	-	2.181.390	-	2.181.390	-
Total	**-**	**-**	**161.030**	**726.350**	**77.525.917**	**77.012.829**	**-**	**-**	**16.160.863**	**12.361.397**	**93.847.810**	**90.100.577**

Details of underwriting expenses

(€000)

	Six months ended 30 June 2015	Six months ended 30 June 2014	Six months ended 30 June 2015	Six months ended 30 June 2014
Gross commissions and other acquisition costs minus commissions and share of profits received from reinsurers	- 6.822	- 10.062	- 211.522	- 195.848
Other investment management expenses	- 312	- 147	- 17.762	- 15.398
Other administrative expenses	- 6.364	- 4.512	- 20.480	- 19.989
Total	**- 13.499**	**- 14.720**	**- 249.763**	**- 231.235**

Details of financial liabilities

(€000)

	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total carrying amount	
	Held-for-trading financial liabilities		Financial liabilities designated at fair value through profit or loss					
	at 30 June 2015	at 31 Dec 2014	at 30 June 2015	at 31 Dec 2014	at 30 June 2015	at 31 Dec 2014	at 30 June 2015	at 31 Dec 2014
Equity-like instruments	-	-	-	-	-	-	-	-
Subordinated liabilities	-	-	-	-	1.200.485	1.300.854	1.200.485	1.300.854
Liabilities from investment contracts issued by insurance companies deriving	-	-	-	-	-	-	-	-
from contracts where the investment risk is borne by policyholders	-	-	-	-	-	-	-	-
from pension fund management	-	-	-	-	-	-	-	-
from other contracts	-	-	-	-	-	-	-	-
Deposits received from reinsurers	-	-	-	-	-	-	-	-
Liabilities of investment components of insurance contracts	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-
Due to banks	-	-	-	-	-	-	-	-
Interbank payables	-	-	-	-	-	-	-	-
Other borrowings	-	-	-	-	-	-	-	-
Non-hedging derivatives	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
Sundry financial liabilities	-	-	-	-	-	-	-	-
Total	-	-	-	-	**1.200.485**	**1.300.854**	**1.200.485**	**1.300.854**

Assets and liabilities recognised at fair value on a recurring and non-recurring basis: breakdown by fair value level

(€000)

		Level 1		Level 2		Level 3		Total	
		at 30 June 2015	at 31 Dec 2014	at 30 June 2015	at 31 Dec 2014	at 30 June 2015	at 31 Dec 2014	at 30 June 2015	at 31 Dec 2014
Assets and liabilities recognised at fair value on a recurring basis									
Available-for-sale financial assets		73.373.688	73.651.399	3.891.153	3.118.680	261.076	242.751	77.525.917	77.012.829
Financial assets at fair value through profit or loss	Held-for-trading financial assets	-	-	-	-	-	-	-	-
	Financial assets designated at fair value through profit or loss	8.214.731	7.893.630	7.946.132	4.467.767	-	-	16.160.863	12.361.397
Investment property		-	-	-	-	-	-	-	-
Tangible assets		-	-	-	-	-	-	-	-
Intangible assets		-	-	-	-	-	-	-	-
Total assets recognised at fair value on a recurring basis		81.588.419	81.545.029	11.837.285	7.586.447	261.076	242.751	93.686.780	89.374.226
Financial liabilities at fair value through profit or loss	Held-for-trading financial liabilities	-	-	-	-	-	-	-	-
	Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-	-	-
Total liabilities recognised at fair value on a recurring basis		-	-	-	-	-	-	-	-
Assets and liabilities recognised at fair value on a non-recurring basis									
Non-current assets or disposal groups held for sale		-	-	-	-	-	-	-	-
Liabilities included in disposal groups held for sale		-	-	-	-	-	-	-	-

Details of changes in level 3 assets and liabilities recognised at fair value on a recurring basis

(€000)

	Available-for-sale financial assets	Financial assets at fair value through profit or loss		Investment property	Tangible assets	Intangible assets	Financial liabilities at fair value through profit or loss	
		Held-for-trading financial assets	Financial assets designated at fair value through profit or loss				Held-for-trading financial liabilities	Financial liabilities designated at fair value through profit or loss
Opening balance	**242.751**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Purchases/Issues	19.646	-	-	-	-	-	-	-
Sales/Repurchases	(21.060)	-	-	-	-	-	-	-
Redemptions	-	-	-	-	-	-	-	-
Gains or losses through profit or loss	0	-	-	-	-	-	-	-
- of which unrealised gains/losses	-	-	-	-	-	-	-	-
Gains or losses through other components of comprehensive income	19.739	-	-	-	-	-	-	-
Transfers to level 3	-	-	-	-	-	-	-	-
Transfers to other levels	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-
Closing balance	**261.076**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Assets and liabilities not recognised at fair value: breakdown by fair value level

(€000)

	Carrying amount		Fair value							
			Level 1		Level 2		Level 3		Total	
	at 30 June 2015	at 31 Dec 2014	at 30 June 2015	at 31 Dec 2014	at 30 June 2015	at 31 Dec 2014	at 30 June 2015	at 31 Dec 2014	at 30 June 2015	at 31 Dec 2014
Assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Investments held to maturity	-	-	-	-	-	-	-	-	-	-
Loans and receivables	73.005	726.350	-	-	-	-	73.005	726.350	73.005	726.350
Investments in subsidiaries, associates and joint ventures	164.047	163.286	-	-	-	-	164.047	163.286	164.047	163.286
Investment property	-	-	-	-	-	-	-	-	-	-
Tangible assets	4.379	4.438	-	-	-	-	4.379	4.438	4.379	4.438
Total assets	241.432	894.074	-	-	-	-	241.432	894.074	241.432	894.074
Liabilities	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	1.200.485	1.300.854	-	-	-	-	1.200.485	1.300.854	1.200.485	1.300.854