Postevita
Posteassicura
GruppoAssicurativoPostevita

CONSOLIDATED INTERIM REPORT 2016

CONTENTS

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)

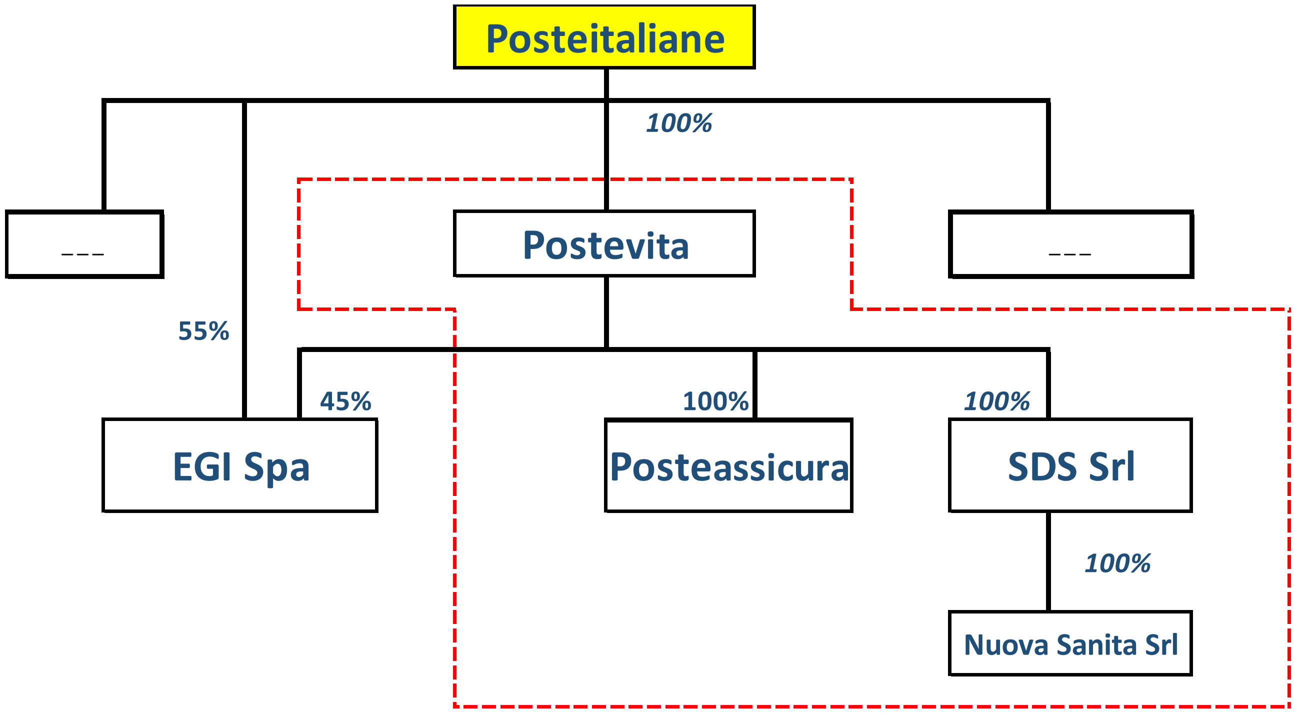
Chairman	Stefano Dell'Atti
Auditor	Marco De Iapinis
Auditor	Simona Arduini
Alternate	Franco Pichiorri
Alternate	Teresa Naddeo

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 solely includes the subsidiary, Poste Assicura SpA, an insurance company founded in 2010 to provide non-life insurance, excluding motor insurance, and a wholly owned subsidiary of the Parent Company, Poste Vita, and, from 4 November 2015, S.D.S. System Data Software Srl, a 100% interest in which was acquired by the Group at a cost of €20.9 million, and which in turn holds a 100% interest in S.D.S. Nuova Sanità Srl. The transaction falls within the wider strategic objective of broadening the Group's offering of health insurance for individuals and groups of people. These investments are consolidated on a line-by-line basis.

On 25 July 2016, the deed governing the merger of SDS Nuova Sanità Srl with and into SDS System Data Software Srl, pursuant to art. 2505 of the Italian Civil Code, was signed and the merged entity renamed Poste Welfare Servizi Srl.

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 not accounted for on a line-by-line basis, but using the equity method.

EXECUTIVE SUMMARY

During the first half of 2016, the Poste Vita insurance group continued to pursue the strategic objectives set out in our business plan, in continuity with the approach followed in 2015. This involved efforts designed to strengthen our leadership in the life market and consolidate our position with regard to other players, whilst targeting growth in the welfare market and investing in the health insurance sector, partly through the acquisition of SDS Srl at the end of 2015.

The reclassified income statement, broken down by category of insurance, is shown below:

€m

RECLASSIFIED INCOME STATEMENT for the six months ended 30 June	2016			2015		
	Non-life business	Life business	Total	Non-life business	Life business	Total
Net premium revenue	38.5	10,513.0	**10,551.4**	34.2	9,442.5	**9,476.6**
Gross premium revenue	*51.9*	*10,521.7*	***10,573.5***	*47.3*	*9,449.1*	***9,496.4***
Outward reinsurance premiums	*-13.4*	*-8.7*	***-22.1***	*-13.2*	*-6.6*	***-19.8***
Fee and commission income		2.1	**2.1**			**0.0**
Net financial income from assets related to traditional products and non-life classes	1.7	2,099.3	**2,101.0**	1.7	1,253.2	**1,254.9**
Income	*1.6*	*1,207.1*	***1,208.7***	*1.6*	*1,139.1*	***1,140.7***
Realised gains and losses	*0.1*	*193.3*	***193.4***	*0.2*	*272.4*	***272.6***
Unrealised gains and losses		*698.9*	***698.9***		*-158.4*	***-158.4***
Net financial income from assets related to index- and unit-linked products		-114.9	**-114.9**		191.4	**191.4**
Net change in technical provisions	-15.8	-11,935.1	**-11,950.9**	-13.5	-10,375.5	**-10,389.1**
Claims paid	*-9.6*	*-3,690.0*	***-3,699.6***	*-10.1*	*-3,751.8*	***-3,761.8***
Change in technical provisions	*-10.1*	*-8,252.7*	***-8,262.8***	*-8.3*	*-6,629.8*	***-6,638.2***
Share attributable to reinsurers	*3.8*	*7.7*	***11.5***	*4.9*	*6.0*	***10.9***
Investment management expenses	-0.3	-19.9	**-20.1**	-0.3	-17.8	**-18.1**
Acquisition and administrative costs	-18.3	-276.7	**-295.0**	-13.2	-243.5	**-256.7**
Net commissions and other acquisition costs	*-8.6*	*-251.6*	***-260.2***	*-6.8*	*-223.0*	***-229.8***
Operating costs	*-9.7*	*-25.1*	***-34.8***	*-6.4*	*-20.5*	***-26.8***
Other revenues/(costs), net	3.3	-19.5	**-16.1**	-1.3	-17.6	**-18.9**
EBITDA	**9.2**	**248.3**	**257.4**	**7.5**	**232.7**	**240.2**
Net financial income attributable to free capital		44.3	**44.3**		53.6	**53.6**
Interest expense on subordinated loans		-18.7	**-18.7**		-19.9	**-19.9**
PROFIT BEFORE TAX	**9.2**	**273.9**	**283.1**	**7.5**	**266.4**	**273.9**
Income tax expense	-2.6	-110.2	**-112.8**	-2.2	-106.3	**-108.5**
PROFIT FOR THE PERIOD	**6.5**	**163.7**	**170.3**	**5.3**	**160.1**	**165.4**

In the **life** business**,** in a market environment marked by low interest rates and high volatility, and in keeping with the strategic guidelines in the business plan, the Group's operations focused on achieving a progressive rebalancing of the offering towards products with a significant investment component without guarantees ("multi-line" and "unit-linked" products), but providing a moderate risk-return profile. This is in line with the type of customer served by the Group, whilst potentially providing more attractive returns on investment. At the same time, the Group is committed to developing new tools and support strategies and to training network staff (to cover the three phases of pre-sales, sales and post-sales) in the provision of advice, sales support and long-term customer relationship management. Total premium revenue exceeded €10.5 billion (€9.4 billion in the first half of 2015), including approximately €10 billion from sales of Class I and V investment and savings products (traditional separately managed accounts), compared with €9.3 billion in the same period of 2015. Premium revenue from multi-line products and the new unit-linked product launched at the end of April amounts to €472 million, compared with €189 million in the same period of the previous year.

Sales of regular premium products (*Multiutile Ricorrente*, *Long-Term Care*, *Posta Futuro Da Grande*) also performed well, with over 68.5 thousand policies sold during the period, as did sales of the

PostaPrevidenzaValore product which, with over 43 thousand policies sold during the period and the total number of members approaching 824 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 (not bundled together with products of a financial nature), with over 10.5 thousand new policies sold during the first six months of 2016, whilst around 40.9 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 also performed well, with total gross premium revenue for the period of €51.9 million, up by approximately €4.5 million (10%) on the figure for the first half of 2015. During the period, the Group focused on the development of specific marketing and commercial initiatives aimed at responding to new customer needs in the areas of welfare and health insurance. In this context, the company has moulded its offering so as to offer modular health and protection products, ***PosteProtezione Innova Salute*** and ***PosteProtezione Innova Infortuni***. In addition, partly in response to the letter to the market dated 26 August 2015, in which the regulator invited insurers to conduct an overall review of the structure of PPI (Payment Protection Insurance) policies sold alongside mortgages and loans and the way they are sold, Poste Assicura has embarked on a thorough review of the products offered for sale in this segment.

In terms of **investments** during the period, against a backdrop of falling interest rates and declining yields on government securities, the Company continued with the gradual process of diversifying investments by increasing its exposure to equities, above all multi-asset, harmonised open-end funds of the UCITS (Undertakings for Collective Investment in Transferable Securities) type. In line with its strategic asset allocation policy, moreover, the company continued to invest in real estate funds, targeting retail and office properties. Again with a view to diversifying its investments, the Company decided to invest approximately €260 million in a closed-end alternative investment fund called "Atlante", managed by Quaestio Capital Management, with subscriptions restricted to professional investors. The fund invests primarily in issuers with a lower capital ratio than their minimum capital requirement (and which are, therefore, required by the supervisory authority to strengthen their balance sheets by raising fresh capital) and non-performing loans held by various Italian banks. At the date of this report, the fund has called up €155.0 million, including €137.1 million allocated to the separately managed account, *PostaValorePiù*, and €17.9 million allocated to the company's free capital. Despite this, the portfolio is primarily invested in government securities and highly-rated corporate bonds, with an overall exposure that represents 87% of the entire class C portfolio and 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. The cumulative returns on separately managed accounts at the end of the first half of 2016 were 4.33% for *PostaPrevidenza* accounts and 3.12% for *PostaValorePiù* accounts.

Net income from financial investments amounts to €1,422.1 million for the first six months of 2016, after excluding unrealised gains or losses. This is slightly down on the figure for the first six months of 2015 (€1,594.6 million), primarily due to falling yields on government securities and a reduction in net realised gains. Unrealised gains or losses resulted in net unrealised gains of €589.7 million (net unrealised losses of €114.5 million in the same period of 2015), including: i) €698.6 million in net gains on investments included in the Company's separately managed accounts and, therefore, attributable to policyholders through the shadow accounting mechanism, and ii) €109.0 million in net losses on assets backing unit- and index-linked products, almost entirely relating to warrants held in portfolio at the end of the period and which, therefore, are matched by a corresponding change in technical provisions.

As a result of the above operating and financial performance, **technical provisions for the direct Italian portfolio** amount to €109.4 billion (€100.3 billion at the end of 2015), including €90.1 billion for Class I and V products (€83.3 billion at the end of 2015). Provisions for products where the investment risk is borne by policyholders amount to €7.3 billion (€7.2 billion at 31 December 2015). Deferred Policyholder Liability (DPL) provisions, linked to the change in the fair value of the financial instruments covering the provisions, are up from €9.7 billion at the end of 2015 to €11.8 million, reflecting an increase in fair values as a result of the more positive performance of financial markets compared with the end of the previous year.

Technical provisions for the non-life business, before the portion ceded to reinsurers, amount to €0.1 billion at the end of the period.

With regard to **organisational aspects**, during the first half of 2016, work continued on initiatives designed to drive growth of the business, as did investment in ongoing functional/infrastructural improvements to key business support systems. The Company's organisational structure was further strengthened to keep pace with its ongoing expansion in terms of size, business volumes and new initiatives.

Operating costs total approximately €34.8 million, up on the €26.8 million of the same period of 2015. This increase, linked to efforts to boost the quality and size of the company's workforce, needed in order to respond to the continuous growth in size and business volumes, primarily reflects investment of €3 million in ongoing functional/infrastructural improvements to key business support systems and an increase of around €3 million in personnel expenses.

However, the impact of **administrative costs** for the period continued to be far lower than the market average (at 0.3% of premium revenue and 0.1% of provisions).

At 30 June 2016, the Poste Vita Insurance Group's **equity** amounts to €3,468 million, up €190.9 million compared with the beginning of the year. Changes during the period almost entirely reflect: i) profit for the period of €170,2 million, and ii) the change in the valuation reserve for available-for-sale financial assets included in free capital (up €21.0 million).

The above operating and financial performance has resulted in **EBITDA** for the period of €283.1 million (€273.9 million for the same period of 2015). After-tax **profit for the period** amounts to €170.3 million, compared with €165.4 million for the first half of 2015.

Life business

RECLASSIFIED INCOME STATEMENT for the six months ended 30 June	Life business			€m
	2016	2015	Increase/(decrease)	
Net premium revenue	10,513.0	9,442.5	1,070.5	11%
Gross premium revenue	*10,521.7*	*9,449.1*	*1,072.6*	*11%*
Outward reinsurance premiums	*-8.7*	*-6.6*	*-2.1*	*32%*
Fee and commission income	2.1	0.0	2.1	ns
Net financial income from assets related to traditional products	2,099.3	1,253.2	846.1	68%
Income	*1,207.1*	*1,139.1*	*68.1*	*6%*
Realised gains and losses	*193.3*	*272.4*	*-79.2*	*-29%*
Unrealised gains and losses	*698.9*	*-158.4*	*857.3*	*-541%*
Net financial income from assets related to index- and unit-linked products	-114.9	191.4	-306.3	-160%
Net change in technical provisions	-11,935.1	-10,375.5	-1,559.6	15%
Claims paid	*-3,690.0*	*-3,751.8*	*61.7*	*-2%*
Change in technical provisions	*-8,252.7*	*-6,629.8*	*-1,622.9*	*24%*
Share attributable to reinsurers	*7.7*	*6.0*	*1.6*	*27%*
Investment management expenses	-19.9	-17.8	-2.1	12%
Acquisition and administrative costs	-276.7	-243.5	-33.2	14%
Net commissions and other acquisition costs	*-251.6*	-223.0	*-28.6*	*13%*
Operating costs	*-25.1*	-20.5	*-4.7*	*23%*
Other revenues/(costs), net	-19.5	-17.6	-1.9	11%
EBITDA	**248.3**	**232.7**	**15.6**	**7%**
Net financial income attributable to free capital	44.3	53.6	-9.2	-17%
Interest expense on subordinated loans	-18.7	-19.9	1.2	-6%
PROFIT BEFORE TAX	**273.9**	**266.4**	**7.6**	**3%**
Income tax expense	-110.2	-106.3	-3.9	4%
PROFIT FOR THE PERIOD	**163.7**	**160.1**	**3.7**	**2%**

As noted above, **net premium revenue** for the first half of 2016, net of outward reinsurance premiums, amounts to **€10,513.0 million**, up 11% on the €9,442.5 million of the first half of 2015.

In terms of income from investments, **net financial income** from securities related to traditional products totals €2,099.3 million (€1,253.2 million in the same period of 2015). Net financial income from securities in the first six months of 2016 amounts to €1,400.4 million, after excluding unrealised gains or losses. This is broadly in line with the €1,411.4 million of the same period of 2015, despite growth in assets under management, and reflects falling yields on government securities and a reduction in net realised gains. Unrealised gains or losses resulted in net unrealised gains of €698.9 million for the period, compared with net unrealised losses of €158.4 million in the first half of 2015.

Heightened financial market volatility, which above all had a negative impact on the warrants relating to unit- and index-linked products, together with the reduction in volumes, due to a number of Class III products reaching maturity, are reflected in the performance **investments linked to index- and unit-linked products**, which generated total losses of €114.9 million (gains of €191.4 million in the first half of 2015). This amount is almost entirely matched by a corresponding change in technical provisions.

As a result of the above operating performance and the corresponding revaluation of insurance liabilities due to the above financial performance, the matching **change in technical provisions**, after the portion ceded to reinsurers, amounts to €8,252.7 million at the end of the first half of 2016, compared with €6,629.8 million for the same period of 2015.

Claims paid to customers during the period amount to approximately €3,690.0 million (€3,751.8 million in the same period of 2015), inclusive of policy expirations of approximately €1.8 billion. The reduction compared with the first half of 2015 is due to a decrease in expirations during the period, above all with regard to Class III policies. Total surrenders accounted for 3.0% of initial provisions (3.3% in the first half of 2015), a figure that continues to be far lower than the market average (7.1 % at the end of the first quarter of 2016, the latest available figure).

Operating costs of approximately €25.1 million are up on the figure of €20.5 million for the same period of 2015, primarily due to efforts to boost the quality and size of the company's workforce, needed in order to respond to the continuous growth in size and business volumes, and to investment in ongoing functional/infrastructural improvements to key business support systems.

In the light of the above performance, the life business recorded **EBITDA** for the period ended 30 June 2016 of **€248.3 million**, marking an improvement of 7% compared with the same period of 2015.

The above operating performance, accompanied by the positive results from the management of investments, has enabled the Group to **increase EBITDA** from the €232.7 million of the first half of 2015 to €248.3 million for the period under review. The investment of free capital also yielded positive results (amounting to €44.3 million), despite being down on the figure for the same period of 2015 (€53.6 million). As a result, **pre-tax profit for the period** amounts to €273.9 million, up on the €266.4 million of 2015, whilst after-tax **profit for the period** amounts to €163.7 million (€160.1 million for the first half of 2015).

Non-life business

€m

RECLASSIFIED INCOME STATEMENT for the six months ended 30 June	Non-life business			
	2016	**2015**	**Increase/(decrease)**	
Net premium revenue	38.5	34.2	4.3	13%
Gross premium revenue	*51.9*	*47.3*	*4.5*	*10%*
Outward reinsurance premiums	*-13.4*	*-13.2*	*-0.2*	*2%*
Fee and commission income	0.0	0.0		
Net financial income from assets related to traditional products	1.7	1.7	0.0	0%
Income	*1.6*	*1.6*	*0.0*	*-1%*
Realised gains and losses	*0.1*	*0.2*	*0.0*	*-18%*
Unrealised gains and losses	*0.0*	*0.0*		
Net financial income from assets related to index- and unit-linked products	-	-		
Net change in technical provisions	-15.8	-13.5	-2.3	17%
Claims paid	*-9.6*	*-10.1*	*0.5*	*-5%*
Change in technical provisions	*-10.1*	*-8.3*	*-1.7*	*21%*
Share attributable to reinsurers	*3.8*	*4.9*	*-1.0*	*-21%*
Investment management expenses	-0.3	-0.3	0.0	0%
Acquisition and administrative costs	-18.3	-13.2	-5.1	39%
Net commissions and other acquisition costs	*-8.6*	*-6.8*	*-1.8*	*26%*
Operating costs	*-9.7*	*-6.4*	*-3.3*	*52%*
Other revenues/(costs), net	3.3	-1.3	4.7	-350%
EBITDA	**9.2**	**7.5**	**1.6**	**22%**
Net financial income attributable to free capital	-	-		
Interest expense on subordinated loans	-	-		
PROFIT BEFORE TAX	**9.2**	**7.5**	**1.6**	**22%**
Income tax expense	-2.6	-2.2	-0.4	19%
PROFIT FOR THE PERIOD	**6.5**	**5.3**	**1.2**	**22%**

Gross premium revenue in the non-life business, generated by policies sold in the period under review, totals approximately €51.9 million (up 10% on the same period of 2015). On an accruals basis, after outward reinsurance premiums, **net premium revenue** amounts to approximately €38.5 million (up 13% on the €34.2 million of 2015).

This performance was accompanied by a positive technical performance, as a result of a reduced volume of claims compared with the increase in the portfolio. This was broadly in line with the trend seen in the same period of the previous year.

Claims expenses (amounts paid and the change in technical provisions) during the first half amounted to €19.7 million, compared with €18.4 million in the first half of 2015. This item refers to the change in technical provisions for the period (inclusive of provisions for late lodgements), totalling €10.0 million, and claims paid, inclusive of settlement costs and direct costs, amounting to approximately €9.7 million for the period. These items include €0.1 million relating to the change in provisions for claims incurred but not reported, or IBNR, during the first half of 2016.

Considering the reinsurers' share of €3.8 million, the net change in technical provisions amounts to €15.8 million at the end of the period, compared with the €13.5 million of the same period of 2015.

As a result of the operating performance and the above trends relating to claims, overall loss ratio[1] (including provisions for claims incurred but not reported, or IBNR) is 38.0% for the first half 2016, lower than the figure

[1] This indicator takes into account the reallocation of settlement costs, carried out in accordance with statutory requirements.

for the first half of 2015 (39.4%) despite that fact that the latter figure benefitted from the release of €3.3 million in provisions for current risks. This is, in any event, lower than the latest figure for the industry as a whole of 52.6%, relating to 2015.

Commissions for distribution and collection activities of approximately €13.4 million were paid to the intermediary, Poste Italiane (€11.0 million in the first half of 2015). Net of commissions received from reinsurers and the change in deferred acquisition costs registered in the period, this amounts to a total of €8.6 million (€6.8 million in the same period of 2015).

With regard to organisational aspects, during the first half of 2016, work continued on initiatives designed to drive growth of the business, as did investment in ongoing functional/infrastructural improvements to key business support systems. In addition, advertising expenses of approximately €3 million were incurred during the first half. These expenses, which were absent in 2015, are linked to the planned expansion of the Company's business. As a result, operating costs amount to approximately €9.7 million (including around €3 million attributable to the subsidiary, SDS). This is up on the €6.4 million of the first half of 2015.

Net financial income, resulting from a prudent policy that aims to safeguard the Group's financial strength, amounts to €1.7 million, in line with the figure for the first half of 2015.

Other net revenues of €3.3 million for the first half of 2016 compare with other net costs of €1.3 million for the first six months of 2015. This primarily consists of income generated by the subsidiary, SDS, during the period, totalling €4.9 million, after the reversal of premiums ceded in previous years, totalling €1.0 million, and the loss on the sale of retail stands to the parent, Poste Italiane, totalling €0.7 million.

This performance has resulted in **EBITDA** of €9.2 million, compared with the €7.5 million of the first half of 2015. Account should be taken of the following: a) the result for the previous year benefitted from the positive impact of the release of provisions for current risks, totalling €2.7 million, after the portion ceded to reinsurers, and b) there was an increase of approximately €3 million in advertising expenses in the first half 2016, compared with the first half 2015, as part of efforts to expand the business. The non-life business reports an after-tax **profit for the period** of €6.5 million, compared with €5.3 million for the first half of 2015.

The companies SDS and Nuova Sanità, in the which the Group acquired 100% interests on 4 November 2015 with the aim of broadening the Group's offering of health insurance for individuals and groups of people, contributed €1.2 million to the non-life segment's profit for the period. On 18 April 2016, a general meeting of SDS's shareholders voted to approve the merger of SDS Nuova Sanità Srl with and into SDS System Data Software Srl. This involved cancellation of the shares of the acquiree, without their replacement with shares in the acquirer. The related merger deed was signed on 25 July 2016 and SDS Nuova Sanità Srl was merged with and into SDS System Data Software Srl, pursuant to art. 2505 of the Italian Civil Code. The merged entity was then renamed Poste Welfare Servizi Srl.

Key performance indicators

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

(€m)

FINANCIAL AND OTHER INDICATORS	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Equity	3,468.0	3,277.0	191.0	5.8%
Technical provisions	109,397.3	100,314.2	9,083.1	9.1%
No. of outstanding contracts	6,434,795.0	5,637,620.0	797,175.0	14.1%
Financial investments*	113,042.5	104,061.9	8,980.6	8.6%
Workforce	468.0	452.0	16.0	

OPERATING AND OTHER INDICATORS	Six months ended 30 June 2016	Six months ended 30 June 2015	Increase/(decrease)	
Gross premium revenue	10,573.5	9,496.4	1,077.1	11.3%
Profit for the period	170.3	165.4	4.9	2.9%
Costs as a percentage of provisions	0.1%	0.1%	0.0	-
Costs as a percentage of premiums	0.3%	0.3%	0.0	-

* including cash and cash equivalent

(€m)

ASSETS	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Investments	**112,371.5**	**102,453.8**	**9,917.7**	**9.7%**
Investments in subsidiaries, associates and joint ventures	105.4	105.2	0.2	0.1%
Loans and receivables	48.7	101.4	-52.7	-52.0%
Available-for-sale financial assets	90,872.1	83,871.3	7,000.8	8.3%
Financial assets at fair value through profit or loss	21,345.4	18,375.9	2,969.5	16.2%
Cash and cash equivalents	671.0	1,608.1	-937.1	-58.3%
Technical provisions ceded to reinsurers	**64.6**	**57.4**	**7.2**	**12.5%**
Other tangible and intangible assets	**48.9**	**49.8**	**-0.9**	**-1.8%**
Receivables and other assets	**1,991.5**	**1,543.0**	**448.5**	**29.1%**
TOTAL ASSETS	**115,147.5**	**105,712.1**	**9,435.4**	**8.9%**

(€m)

LIABILITIES AND EQUITY	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Equity	3,468.0	3,277.0	191.0	5.8%
Technical provisions	109,397.3	100,314.2	9,083.1	9.1%
Provisions for risks	11.2	11.2	0.0	0.0%
Payables and other liabilities	2,271.1	2,109.7	161.3	7.6%
TOTAL LIABILITIES AND EQUITY	**115,147.5**	**105,712.1**	**9,435.4**	**8.9%**

Postevita
Posteassicura
GruppoAssicurativoPostevita

€m

RECLASSIFIED INCOME STATEMENT for the six months ended 30 June	2016			2015		
	Non-life business	Life business	**Total**	Non-life business	Life business	**Total**
Net premium revenue	38.5	10,513.0	**10,551.4**	34.2	9,442.5	**9,476.6**
Gross premium revenue	*51.9*	*10,521.7*	***10,573.5***	*47.3*	*9,449.1*	***9,496.4***
Outward reinsurance premiums	*-13.4*	*-8.7*	***-22.1***	*-13.2*	*-6.6*	***-19.8***
Fee and commission income		2.1	**2.1**			**0.0**
Net financial income from assets related to traditional products and non-life classes	1.7	2,099.3	**2,101.0**	1.7	1,253.2	**1,254.9**
Income	*1.6*	*1,207.1*	***1,208.7***	*1.6*	*1,139.1*	***1,140.7***
Realised gains and losses	*0.1*	*193.3*	***193.4***	*0.2*	*272.4*	***272.6***
Unrealised gains and losses		*698.9*	***698.9***		*-158.4*	***-158.4***
Net financial income from assets related to index- and unit-linked products		-114.9	**-114.9**		191.4	**191.4**
Net change in technical provisions	-15.8	-11,935.1	**-11,950.9**	-13.5	-10,375.5	**-10,389.1**
Claims paid	*-9.6*	*-3,690.0*	***-3,699.6***	*-10.1*	*-3,751.8*	***-3,761.8***
Change in technical provisions	*-10.1*	*-8,252.7*	***-8,262.8***	*-8.3*	*-6,629.8*	***-6,638.2***
Share attributable to reinsurers	*3.8*	*7.7*	***11.5***	*4.9*	*6.0*	***10.9***
Investment management expenses	-0.3	-19.9	**-20.1**	-0.3	-17.8	**-18.1**
Acquisition and administrative costs	-18.3	-276.7	**-295.0**	-13.2	-243.5	**-256.7**
Net commissions and other acquisition costs	*-8.6*	*-251.6*	***-260.2***	*-6.8*	*-223.0*	***-229.8***
Operating costs	*-9.7*	*-25.1*	***-34.8***	*-6.4*	*-20.5*	***-26.8***
Other revenues/(costs), net	3.3	-19.5	**-16.1**	-1.3	-17.6	**-18.9**
EBITDA	**9.2**	**248.3**	**257.4**	**7.5**	**232.7**	**240.2**
Net financial income attributable to free capital		44.3	**44.3**		53.6	**53.6**
Interest expense on subordinated loans		-18.7	**-18.7**		-19.9	**-19.9**
PROFIT BEFORE TAX	**9.2**	**273.9**	**283.1**	**7.5**	**266.4**	**273.9**
Income tax expense	-2.6	-110.2	**-112.8**	-2.2	-106.3	**-108.5**
PROFIT FOR THE PERIOD	**6.5**	**163.7**	**170.3**	**5.3**	**160.1**	**165.4**

ECONOMIC AND MARKET ENVIRONMENT

Global economic growth continued, albeit at a moderate pace. Major international bodies (the OECD, World and IMF) have lowered their growth estimates for 2016 and 2017.

GDP figures for the leading advanced economies (the USA, the Euro zone, the UK and Japan) in the first part of 2016 appear to confirm a continuation of the growth seen in 2015. Growth in the Euro zone resulted in a 1.7% year-on-year increase in GDP in the first half of 2016, with the improvement being 0.6% on a quarterly basis. However, downside risks remain (the slowdown in emerging country demand, the overall geo-political situation, oil price expectations and, finally, the outcome of the referendum on the UK's exit from the EU).

The result of the referendum of 23 June, which saw a majority vote in favour of the UK's exit from the EU (so-called Brexit), will have a profound impact on relations between the UK and the EU. The outcome of the Brexit referendum increased international financial market volatility and, whilst the consequences are difficult to predict, it has increased the risks for global growth, which has already been affected by the weakness of emerging markets. In the UK, following the referendum, the Governor of the Bank of England judged that the economic prospects had deteriorated as a result of heightened uncertainty and a less favourable financial climate.

Consumer price inflation in the USA is on an upward trajectory, although it remains well short of the Federal Reserve's target. Inflation in the Euro zone remains low, as it is in the UK and Japan. As a result of the continued weakness of energy prices and substantial spare production and labour market capacity, consumer price inflation in the Euro zone registered its first increase since the beginning of the year in June (+0.1% year-on-year).

The situation in the leading emerging countries (Brazil, Russia, India and China) remains fragile. The recession in Brazil has actually deepened and, despite some signs of an improvement, continues in Russia. China, on the other hand, continues to see a decline in the rate of economic growth. Of these countries, India remains the only one to register a strengthening of economic growth.

Finally, the monetary policies adopted by advanced-country central banks remain extremely "easy". In the USA, the labour market and inflation continue to influence the Federal Reserve's "normalisation" strategy, although, over the course of this year, the Fed has appeared to increasingly take into account international economic and financial trends (Chinese economic growth, the falling oil price, financial market volatility and Brexit). After seven years of "zero interest rates", in December 2015, the US central bank raised the range for the fed funds rate from 0.00-0.25% to 0.25%-0.50% and declared that it planned to gradually raise the rate from then on. In 2016, the Fed has kept the rate unchanged. Indeed, whilst it is confident of achieving its employment and inflation targets, the international geo-political situation and financial market trends and the associated risks have so far led the Fed to take a cautious approach to raising interest rates. In fact, whilst the June employment report confirmed the ongoing fall in the unemployment rate, the outcome of the UK's Brexit referendum has significantly reduced the chances of a new rise in interest rates before December 2016. To head off an expected deterioration in the outlook for inflation and economic growth, as early as March, the European Central Bank (ECB) surprised the financial markets with a package of monetary stimulus measures that went beyond expectations. On this occasion, the ECB took the following steps: i) it cut official interest rates (the main refinancing operations rate was reduced to zero, the deposit facility rate for banks to -0.4% and the marginal lending rate to 0.25%); ii) it expanded its Quantitative Easing programme (increasing the volume of government securities to be purchased from €60 to €80 billion and introducing the possibility of purchasing, from 8 June, investment grade corporate bonds issued by non-bank entities); iii) it launched 4 new quarterly Targeted Longer-Term Refinancing Operations to boost the supply of credit to households and businesses (starting from 22 June and un more favourable terms for banks, compared with previous operations); and iv) as expected, held its main refinancing operations rate, marginal lending rate and deposit facility rate firm at 0.00%, 0.25% and -0.40% following the meeting of the ECB's Governing Council on 8 September. The ECB has also stated that it "continues to expect key interest rates to remain at present or lower levels for an extended period of time, and well past the horizon of the net asset purchases".

Financial market trends

After the falls seen in the first month and a half of the year, the prices of riskier assets picked up, thanks to the ECB's monetary stimulus measures, expectations of interest rate rises in the USA and a reversal of the losses accumulated, since the beginning of the year, by European equity markets, thanks to the strong performances of oil and bank stocks. In this context, the "flight" to safety, witnessed in the previous weeks, was halted and the leading "risk aversion" indicators declined in both the equity and bond markets.

However, the financial markets continued to be affected by a series of uncertainties, such as: i) reduced estimates for global economic growth from leading international bodies; ii) doubts about the effectiveness of monetary policies based around "negative" deposit rates; iii) US monetary policy; iv) the geopolitical situation in Europe (the potential fallout from the referendum of 23 June, which saw a majority of British voters opt to leave the European Union as a result of so-called "Brexit", and the general election in Spain) and in the Middle East; v) the financial position of Europe's banks (above all, those in Italy).

On 23 June, the UK voted for Brexit, with 52% of voters in favour. The initial reaction on the financial markets was, as expected, extremely negative and resulted in a sell-off of riskier assets.

As regards core government yield curves, the yield on ten-year government securities in the USA fell to below 1.4%, whilst the ten-year yield in Germany fell to below zero for the first time since the birth of the Economic and Monetary Union, reaching close to -0.2% on 7 July.

Among "peripheral" Euro zone issuers, the yield on ten-year Italian government bonds first rose to above 1.5%, before falling towards 1.2%, after benefitting from the "protection" provided by the ECB and expectations of further changes to the limits applied to purchases of government securities under the Central Bank's Quantitative Easing programme. The spread with German bunds first rose to 160 basis points and then fell to below 130 basis points, partly due to the yield on German ten-year issues.

All Europe's equity indexes initially fell, almost returning to the lows seen at the beginning of the year, reflecting both the UK referendum and the worsening crisis in the European banking sector. In the days immediately after the referendum, the STOXX Europe 600 index lost as much as close to 10% and the STOXX Europe 600 Banks lost around 21%, whilst the FTSE Italia All-Share Banks, consisting solely of Italian lenders, was approximately 30% down. The last two weeks have, however, seen a recovery in European equity markets, which have regained some of the ground lost as a result of the Brexit vote, above all in the banking sector. Despite this, uncertainty remains high, above all in view of the upcoming results of the ECB's stress tests (expected on 29 July) and hopes of a solution to tensions in the Italian banking sector.

Against this backdrop, the only major UK asset to suffer was sterling. Expected action by the Bank of England (BoE) weakened the country's currency, but helped to drive down ten-year gilt yields to below 1% and boost the FTSE 100 (the only leading European index to be in positive territory since the beginning of the year). Later, the BoE's unexpected decision to not cut interest rates and to put off such a decision (probably until August) has, for the moment, had a limited impact on ten-year gilt yields and on the London Stock Exchange, but has helped sterling to strengthen against the euro and the US dollar.

Yields on European investment grade corporate bonds have continued to decline, reflecting the possibility that the ECB may also start purchasing this asset class.

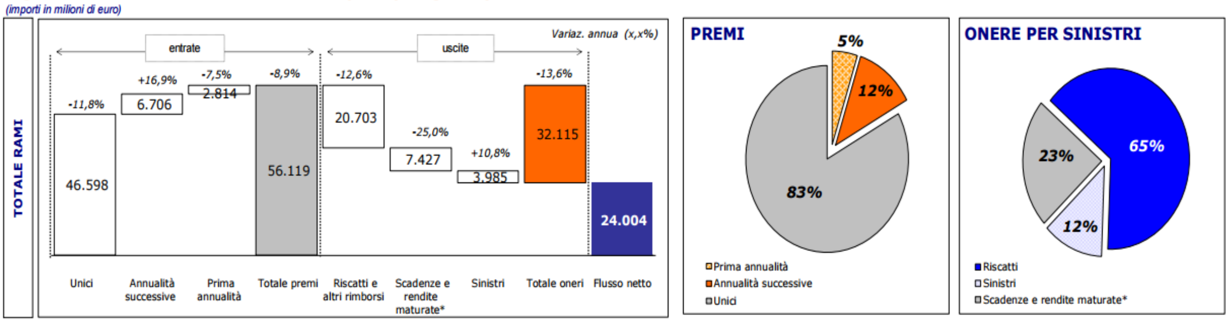
Finally, on the currency markets, the EUR/USD exchange rate has remained above the levels seen at the beginning of the year. Meanwhile, as regards commodities, the oil price has fallen back to below the recent highs recorded in June (when it rose to above US$50 a barrel), registering an increase of around 67% compared with the lows seen at the beginning of the year (when the price was just under US$30 a barrel).

The life insurance market

Premium revenue in the first half of 2016 amounted to approximately €56.1 billion, down 8.9% on the figure for the first half of 2015, but above the figures for the previous first halves. The reduction in premium revenue primarily reflects a decline in sales of Class III policies, which cancelled out the positive impact of a fall in claims paid, mainly thanks to a reduction in surrenders or withdrawals. Sales of single premium policies accounted for 83% of the total in the first six months of 2016, down 11.8% on the same period of 2015, with the remaining 17% accounted for by regular premium products. Of this latter portion, first-year premiums accounted for 5% (down 7.5% on 2015) and renewal premiums for 12%, up 16.9%.

Net premium revenue for the first half of 2016 amounts to approximately €24 billion (see the table below for details, source: ANIA - the trade body representing Italian insurance companies), down 1.8% on the same period of 2015 but up 10.6% compared with 2014. Technical provisions of approximately €598 billion are up 8.4% on the same period of the previous year.

Fig. 1 - Flussi di entrate-uscite distinti per tipologia di premio e voce di uscita DA INIZIO ANNO
(importi in milioni di euro)



I riscatti nelle polizze a vita intera sono interpretabili in larga misura come disinvestimenti e non come risoluzione anticipata di contratti.
(*): la voce comprende anche la variazione delle riserve per somme da pagare, ossia l'accantonamento per importi già maturati ma ancora da liquidare.

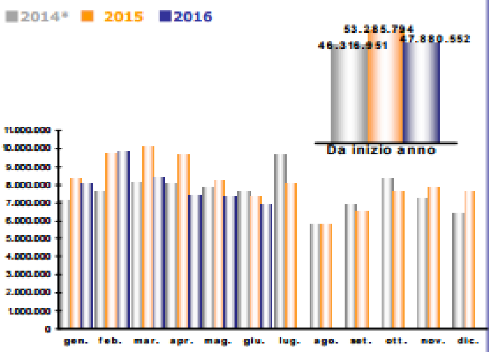
In terms of new business for individual and collective policies sold by Italian and overseas-registered insurers, premium revenue was close to €57.4 billion, down 9.9% on the figure for the same period of 2015. Analysing the composition and performance of new business by class reveals that Class I recorded growth of 6.2% compared with the previous year and is the best-selling form of insurance, representing around four-fifths of total premium revenue. Premiums invested in unit-linked funds are, on the other hand, down 40% on the previous year and account for approximately 22% of new business. Capital redemption policies have declined approximately 33% to represent around 2% of total new business. New business in terms of Class VI and Class IV products, regarding pension funds and long-term health insurance, respectively, remains marginal. Details of new business published by ANIA are shown below.

Nuova produzione individuale vita per ramo/prodotto giugno 2016 *(migliaia di euro)*

RAMO/PRODOTTO	Premi nel mese	Distrib. (%)	Var. (%) 16/15	N° polizze da inizio anno	Premi da inizio anno	Distrib. (%)	Var. (%) 16/15
Vita - ramo I	4.750.623	69,3%	4,2%	1.772.450	36.226.377	75,7%	6,2%
Capitalizzazioni - ramo V	224.966	3,3%	20,5%	15.074	1.035.545	2,2%	-33,1%
Linked - ramo III	1.870.742	27,3%	-28,5%	264.256	10.561.912	22,1%	-40,0%
- di cui: unit-linked	1.870.742	27,3%	-28,5%	264.256	10.561.912	22,1%	-40,0%
- di cui: index-linked	-	0,0%	-100,0%	-	-	0,0%	-100,0%
Malattia - ramo IV	711	0,0%	-2,9%	7.262	3.564	0,0%	-33,9%
Fondi pensione aperti - ramo VI	10.172	0,1%	34,2%	43.358	53.154	0,1%	30,9%
Imprese italiane-extra UE	**6.857.214**	**100,0%**	**-6,9%**	**2.102.400**	**47.880.552**	**100,0%**	**-10,1%**
di cui: forme pens. ind.	*90.824*	*1,3%*	*13,7%*	*195.072*	*577.539*	*1,2%*	*18,8%*
: forme di puro rischio	*62.005*	*68,3%*	*48,0%*	*618.114*	*333.316*	*0,7%*	*45,9%*
Imprese UE	2.011.985		52,3%		9.533.995		-8,3%
Totale	**8.869.199**		**2,1%**		**57.414.547**		**-9,9%**

N.B.: sono inclusi anche i premi unici aggiuntivi

Trend mensile 2014-2016 *(imprese italiane–extra-U.E.)*



(*) I dati relativi agli anni 2013-2014 sono stati stimati sulla base di un campione di imprese rappresentativo dell'80% del totale premi; i dati dei restanti anni sono invece relativi alla totalità del mercato. Nel 2016 il campione delle rappresentanze di imprese U.E. è stato ampliato con l'entrata di nuove compagnie e le variazioni annue sono state calcolate a termini omogenei.

In terms of distribution channel, post offices and banks account for over 70% of sales, down around 6.5% on the same period of the previous year. The second most important channel, in terms of premium revenue, is represented by financial promoters, with a market share of around 10%, down by around 29% compared with the first half of 2015. Insurance agents have a market share of approximately 10%. In-house agents have seen their market share decline, whilst other channels, including brokers, recorded an 18.5% increase, as shown below:

Ripartizione % per tipologia di premio e per canale *(Da inizio anno)*

TIPO DI PREMIO	N° polizze/ adesioni	RIPARTIZIONE PREMI PER CANALE: Sportelli bancari e postali	Agenti	Agenzie in economia	Promot. finanziari	Altre forme (inclusi Broker)	Totale
Annui	18,6%	2,0%	2,6%	11,3%	0,1%	1,4%	2,1%
Unici	58,9%	93,2%	89,6%	77,4%	99,1%	78,6%	93,1%
Ricorrenti	22,5%	4,8%	7,8%	11,3%	0,8%	20,0%	4,8%
Totale	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**

Nuova produzione vita per canale distributivo giugno 2016 *(migliaia di euro)*

CANALE DISTRIBUTIVO	Premi nel mese	Distrib. (%)	Var. (%) 16/15	Premi da inizio anno	Distrib. (%)	Var. (%) 16/15
Sportelli bancari e postali	4.607.455	67,2%	-8,8%	34.878.893	72,8%	-6,5%
Agenti	858.588	12,5%	23,2%	4.824.348	10,1%	-4,7%
Agenzie in economia	300.652	4,4%	32,8%	1.403.202	2,9%	-3,5%
Promotori finanziari	1.041.674	15,2%	-24,3%	6.540.122	13,7%	-29,4%
Altre forme (inclusi Broker)	48.845	0,7%	187,7%	233.987	0,5%	18,5%
Imprese italiane-extra UE	**6.857.214**	**100,0%**	**-6,9%**	**47.880.552**	**100,0%**	**-10,1%**

N.B.: sono inclusi anche i premi unici aggiuntivi

In terms of the method of paying premiums, sales of single premium policies accounted for 93% of total new business in terms of premium revenue and 60% in terms of the number of policies.

The non-life insurance market

In the non-life market, insurance companies as a whole (Italian, EU and non-EU-registered companies) registered a 1.5% **decline** in total premium revenue in the first six months of 2016, compared with the same period of 2015, with total revenue amounting to €18.1 billion. This reflects a reduction in Vehicle insurance (down 4.3%), partially offset by growth in other non-life classes (up 1.3%). Classes registering growth in line with or higher than the average were: Other Damage to Property (€1,503 million; up 2.2%), Health (€1,195 million; up 8.5%); Legal Expenses (€196 million; up 4.9%); Bond (€261 million; up 5.6%); Maritime Vehicles (€157 million; up 6.8%), Assistance (€355 million; up 7.1 %).

PREMI LAVORO DIRETTO AL II TRIMESTRE 2016
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. 2016	*al II trim. 2016*	*al II trim. 2016*	*al II trim. 2016*	*al II trim. 2016*	*2016/2015*	*2016/2015*	*2016/2015*
R.C. Autoveicoli terrestri	7.034	95,7%	314	4,3%	7.348	-6,3%	-4,8%	-6,2%
Corpi di veicoli terrestri	1.351	92,4%	111	7,6%	1.462	6,9%	-0,4%	6,3%
Totale settore Auto	**8.386**	**95,2%**	**425**	**4,8%**	**8.810**	**-4,4%**	**-3,7%**	**-4,3%**
Infortuni	1.456	86,7%	224	13,3%	1.679	1,0%	1,5%	1,1%
Malattia	1.133	94,8%	62	5,2%	1.195	9,6%	-7,9%	8,5%
Corpi di veicoli ferroviari	2	90,7%	0	9,3%	2	-28,9%	-9,4%	-27,4%
Corpi di veicoli aerei	14	58,2%	10	41,8%	25	11,2%	48,8%	24,4%
Corpi veicoli marittimi	126	80,4%	31	19,6%	157	12,5%	-11,7%	6,8%
Merci trasportate	86	53,5%	74	46,5%	160	-11,1%	5,3%	-4,2%
Incendio ed elementi naturali	1.069	89,1%	130	10,9%	1.200	1,7%	-3,7%	1,1%
Altri danni ai beni	1.358	90,4%	144	9,6%	1.503	2,1%	2,7%	2,2%
R.C. Aeromobili	5	55,5%	4	44,5%	10	17,2%	11,0%	14,3%
R.C. Veicoli marittimi	17	93,8%	1	6,2%	18	0,7%	-3,7%	0,4%
R.C. Generale	1.373	70,1%	586	29,9%	1.959	-1,2%	-6,0%	-2,7%
Credito	33	13,0%	222	87,0%	256	5,3%	-1,5%	-0,7%
Cauzione	193	74,1%	67	25,9%	261	3,6%	11,9%	5,6%
Perdite pecuniarie	245	72,3%	93	27,7%	338	-9,5%	-6,9%	-8,8%
Tutela Legale	171	87,4%	25	12,6%	196	5,0%	4,4%	4,9%
Assistenza	324	91,1%	32	8,9%	355	6,1%	18,4%	7,1%
Totale altri rami danni	**7.606**	**81,7%**	**1.707**	**18,3%**	**9.314**	**2,1%**	**-2,0%**	**1,3%**
Totale rami danni	**15.992**	**88,2%**	**2.132**	**11,8%**	**18.124**	**-1,4%**	**-2,3%**	**-1,5%**

* *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 channels, agents account for 77.9% of non-life sales, slightly down on the figure for the end of the first half of 2015 (79.5%). Brokers are the second most important distribution channel by non-life premiums, with a share of 8.1%, whilst banks account for 5.4% of premium revenue, up 4.6% on the second half of 2015.

The number of policies sold through other direct channels (in-house agents, telephone and online sales) accounted for 8.5% of total sales at the end of June 2016 (in line with the figure for the same period of the previous year).

DISTRIBUZIONE % PREMI LAVORO DIRETTO AL II TRIMESTRE 2016 (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	85,8	2,8	2,7	0,0	0,7	2,1	5,9	100,0
Corpi veicoli terrestri	77,6	10,2	2,8	0,0	2,8	2,0	4,6	100,0
Totale settore Auto	**84,4**	**4,0**	**2,7**	**0,0**	**1,0**	**2,1**	**5,7**	**100,0**
Infortuni	76,1	5,9	9,6	0,8	4,8	1,2	1,6	100,0
Malattia	39,8	21,4	12,6	1,3	24,7	0,1	0,1	100,0
Corpi veicoli ferroviari	41,8	35,8	0,0	0,0	22,4	0,0	0,0	100,0
Corpi veicoli aerei	5,5	93,8	0,0	0,0	0,8	0,0	0,0	100,0
Corpi veicoli marittimi	14,0	85,6	0,0	0,0	0,3	0,0	0,0	100,0
Merci trasportate	51,2	43,8	0,6	0,0	4,3	0,0	0,0	100,0
Incendio ed elementi naturali	77,5	9,5	9,2	0,2	3,3	0,1	0,2	100,0
Altri danni ai beni	82,9	11,7	3,5	0,1	1,5	0,1	0,1	100,0
R.C. Aeromobili	14,2	88,7	0,0	0,0	-3,0	0,0	0,0	100,0
R.C. Veicoli marittimi	93,6	4,5	0,4	0,0	0,2	0,8	0,6	100,0
R.C. Generale	82,6	8,9	3,9	0,1	4,2	0,1	0,1	100,0
Credito	32,1	16,8	37,8	0,0	13,3	0,0	0,0	100,0
Cauzione	79,6	15,4	0,1	0,0	4,9	0,0	0,0	100,0
Perdite pecuniarie	42,3	10,1	39,1	0,5	6,1	0,9	1,1	100,0
Tutela legale	74,1	7,9	9,2	0,1	1,6	2,4	4,7	100,0
Assistenza	76,5	4,1	8,9	0,2	1,8	2,8	5,7	100,0
Totale altri rami danni	**70,6**	**12,7**	**8,4**	**0,4**	**6,6**	**0,5**	**0,8**	**100,0**
Totale danni	**77,9**	**8,1**	**5,4**	**0,2**	**3,7**	**1,4**	**3,4**	**100,0**

Valori percentuali

In terms of EU-registered insurers, the main distribution channels were brokers, with a share of 43.2%, and agents, which registered a share of 39.2%. Agents are the biggest sellers of Vehicle insurance, with a share of 64.6%, whilst brokers are the most important distribution channel for other forms of non-life insurance, with a share of 50.7%. The banking channel (7.1%) and online sales (2.4%) both saw growth.

DISTRIBUZIONE % PREMI LAVORO DIRETTO AL II TRIMESTRE 2016 (rappresentanze imprese UE)

Rami	Agenti	Broker	Sportelli bancari	Promotori finanziari	Vendita diretta: Direzione-Agenzie in economia	Vendita diretta: Vendita telefonica	Vendita diretta: Internet	Totale
Totale settore Auto	64,6	12,9	4,1	3,8	0,2	8,3	6,0	100,0
Totale altri rami danni	32,9	50,7	7,8	-	7,0	0,1	1,5	100,0
Totale danni	**39,2**	**43,2**	**7,1**	**0,8**	**5,7**	**1,8**	**2,4**	**100,0**

Valori percentuali

OPERATING REVIEW

Total premiums continued to grow in the first half of 2016, with total premium revenue, net of outward reinsurance premiums, totalling €10,551.4 million, up 11.3% on the €9,476.6 million of the previous first half. These results have enabled the Company to consolidate its position with respect to other players. The table below breaks down premiums by life and non-life businesses:

(€m)

Premium revenue for the six months ended 30 June	**2016**	**2015**	**Increase/(decrease)**	
Class I	10,152.4	9,302.1	850.3	9.1%
Class III	309.5	88.8	220.7	248.6%
Class IV	5.5	4.4	1.1	24%
Class V	54.3	53.8	0.5	1.0%
Gross "Life" premium revenue	10,521.7	9,449.1	1,072.6	11.4%
Outward reinsurance premiums	-8.7	-6.6	-2.1	32.4%
Net "Life" premium revenue	***10,513.0***	***9,442.5***	***1,070.5***	***11.3%***
Non-life premiums	57.3	47.8	9.6	20.0%
Outward reinsurance premiums	-14.4	-12.4	-2.0	16.2%
Change in premium reserve	-5.4	-0.4	-5.0	1188.5%
Change in share of premium reserve attributable to reinsurers	1.0	-0.8	1.8	-226.1%
Net "Non-life" premium revenue	***38.5***	***34.2***	***4.3***	***12.7%***
Total net premium revenue for the period	**10,551.4**	**9,476.6**	**1,074.8**	**11.3%**

Life business

As noted above, in a market environment marked by low interest rates and high volatility, and in keeping with the strategic guidelines in the business plan, the Group's operations focused on achieving a progressive rebalancing of the offering towards products with a significant investment component without guarantees ("multi-line" and "unit-linked" products), but providing a moderate risk-return profile. This is in line with the type of customer served by the Group, whilst potentially providing more attractive returns on investment. At the same time, the Group is committed to developing new tools and support strategies and to training network staff (to cover the three phases of pre-sales, sales and post-sales) in the provision of advice, sales support and long-term customer relationship management. Total premium revenue exceeded €10.5 billion (€9.4 billion in the first half of 2015), including approximately €10 billion from sales of Class I and V investment and savings products (traditional separately managed accounts), compared with €9.3 billion in the same period of 2015. Premium revenue from multi-line products and the new unit-linked product launched at the end of April amounts to €472 million, compared with €189 million in the same period of the previous year.

The following table shows a breakdown of premium revenue for the life business:

(€m)

Breakdown of gross premium revenue for the life business for the six months ended 30 June	**2016**	**2015**	**Increase/(decrease)**	
Regular premiums	**1,012.0**	**737.6**	**274.4**	**37.2%**
- of which first-year	*360.5*	*304.3*	*56.2*	*18.5%*
- of which renewals	*651.5*	*433.3*	*218.3*	*50.4%*
Single premiums	**9,509.6**	**8,711.5**	**798.2**	**9.2%**
Total	**10,521.7**	**9,449.1**	**1,072.6**	**11.4%**

Sales of regular premium products (*Multiutile Ricorrente*, *Long-Term Care*, *Posta Futuro Da Grande*) also performed well, with over 68.5 thousand policies sold during the period, as did sales of the *PostaPrevidenzaValore* product which, with over 43 thousand policies sold during the period and the total number of members approaching 824 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 (not bundled together with products of a financial nature), with over 10.5 thousand new policies sold during the first six months of 2016, whilst around 40.9 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.

Non-life business

A total of 204 thousand new non-life contracts were sold during the first half of 2016 (up 38% on the same period of the previous year) with an average of approximately 1,477 contracts sold each day (1,081 contracts in the first half of 2015).

The increase with respect to the same period of 2015 is primarily due to growth in new business for Goods and Property insurance (up 126%) and Personal insurance (up 68%), which offset a reduction in new business for CPI (Credit Protection Insurance), as shown below:

Total policies in the six months ended 30 June	**2016**	**% share**	**2015**	**% share**	**Increase/ (decrease)**	**% inc./(dec.)**
Goods and property	39,406	19%	17,451	12%	21,955	126%
Personal insurance	121,640	60%	72,566	49%	49,074	68%
Credit protection	42,728	21%	57,575	39%	-14,847	-26%
Total	**203,774**	**100.0%**	**147,592**	**100.0%**	**56,182**	**38.1%**

The increase in the number of new contracts is associated with an increase of approximately 16% in the average value of new business. As a result, net premiums from new business amounted to €39 million, compared with €25 million in the same period of 2015.

At 30 June 2016, gross non-life premium revenue amounts to approximately €57.3 million (up 20% on the same period of the previous year). The following table shows a breakdown by line of business:

'(€m)

Gross premium revenue - by line of business for the six months ended 30 June	**2016**	**% share**	**2015**	**% share**	**Increase/ (decrease)**	**% inc./(dec.)**
- Goods and property	14.6	25.4%	12.9	26.9%	1.7	13.1%
- Personal insurance	30.5	53.2%	24.1	50.5%	6.4	26.4%
- Credit protection	11.9	20.8%	10.6	22.3%	1.3	11.9%
- Management and welfare policies	0.4	0.6%	0.1	0.3%	0.2	177.0%
Total	**57.3**	**100.0%**	**47.8**	**100.0%**	**9.6**	**20.0%**

The following table shows the distribution of gross non-life premium revenue by line of business, showing that Accident insurance accounts for the largest proportion, with 44% of total premiums.

(€m)

Gross premium revenue for the six months ended 30 June	**2016**	**% share**	**2015**	**% share**	**Increase/ (decrease)**	**% inc./(dec.)**
Accident	25.4	44%	18.8	39%	6.5	34.6%
Medical	7.5	13%	4.0	8%	3.5	88.4%
Other Damage to Property	2.5	4%	2.3	5%	0.2	10.7%
Fire and Natural Disaster	3.7	6%	3.3	7%	0.3	10.2%
General Liability	6.8	12%	5.8	12%	1.0	17.4%
Financial Loss	6.0	10%	9.4	20%	-3.4	-36.0%
Legal Expenses	1.4	2%	1.2	2%	0.2	13.3%
Assistance	4.2	7%	3.0	6%	1.2	38.2%
Total	**57.3**	**100%**	**47.8**	**100%**	**9.6**	**20.0%**

Payments and change in technical provisions

Claims paid during the period amount to a total of €3,699.6 million, compared with €3,761.8 million in the same period of the previous year, as shown below:

(€m)

Payments in the six months ended 30 June	2016	2015	Increase/(decrease)	
Non-life business				
Claims paid	8.2	8.7	-0.5	-5.3%
Costs of settling claims	1.3	1.4	0.0	-2.6%
Total non-life claims paid	**9.6**	**10.1**	**-0.5**	**-4.9%**
Life business				
Amounts paid	3,684.8	3,747.7	-62.8	-1.7%
of which: Surrenders	1,333.6	1,316.3	17.3	1.3%
Maturities	1,820.8	1,941.5	-120.7	-6.2%
Claims	530.5	489.9	40.6	8.3%
Costs of settling claims	5.2	4.1	1.1	26.5%
Total life claims paid	**3,690.0**	**3,751.8**	**-61.7**	**-1.6%**
Total	**3,699.6**	**3,761.8**	**-62.2**	**-1.7%**

Total claims paid during the first half 2016 on life policies amount to €3,690.0 million, compared with €3,751.8 million in the comparative period.

Surrender costs amount to approximately €1,333.6 million (€1,316.3 million in the first half of 2015), representing 3.0% of initial provisions, compared with 3.3% in the previous first half. This continues to be much lower than the industry average.

The change in technical provisions, totalling €8,262.8 million (€6,638.2 million in the first half of 2015), primarily refers to a matching increase in insurance liabilities, reflecting the above-mentioned operating performance and the performance of net financial income. The following table shows the composition of the change in technical provisions, revealing how the slight reduction compared with the same period of 2015 is due partly to the impact of the financial performance, whose effects are reflected in Deferred Policyholder Liability (DPL) provisions.

(€m)

Change in technical provisions in the six months ended 30 June	2016	2015	Increase/(decrease)	
Non-life technical provisions	**10.1**	**8.3**	**1.7**	**20.7%**
Mathematical provisions for Class I, IV and V	7,467.6	7,143.3	324.3	5%
Mathematical provisions Class III	84.8	-391.6	476.3	-122%
DPL provisions	698.0	-120.8	818.8	-678%
Other technical provisions	2.3	-1.1	3.5	-303%
Total life technical provisions	**8,252.7**	**6,629.8**	**1,622.9**	**24.5%**
Total	**8,262.8**	**6,638.2**	**1,624.7**	**24.5%**

With reference to policies ceded to reinsurers, claims paid in the period under review, inclusive of the change in technical provisions, amount to €11.5 million, compared with €10.9 million in the comparable period. Details are shown below.

(€m)

Claims expenses attributable to reinsurers in the six months ended 30 June	2016	2015	Increase/(decrease)	
Non-life business				
Claims paid	2.6	2.9	-0.3	-10.7%
Costs of settling claims	0.1	0.2	0.0	-23.6%
Total non-life insurance claims paid	**2.7**	**3.1**	**-0.3**	**-11.3%**
Change in technical provisions	1.1	1.8	-0.7	n.s.
Total non-life insurance	**3.8**	**4.9**	**-1.0**	**-21.4%**
Life business				
Claims paid	3.5	2.1	1.4	67.7%
Costs of settling claims	0.0	0.0	0.0	0.0%
Total life insurance claims paid	**3.5**	**2.1**	**1.4**	**67.9%**
Change in technical provisions	4.1	3.9	0.2	6.2%
Total life insurance	**7.7**	**6.0**	**1.7**	**27.8%**
Total	**11.5**	**10.9**	**0.6**	**5.7%**

Technical provisions

As a result of the above operating and financial performance, technical provisions amount to €109,397.3 million, up approximately 9.1% on the €100,314.3 million of 2015. The provisions are allocated as follows:

(€m)

Technical provisions	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Non-life classes				
Premium reserve	49.2	43.7	5.5	12.6%
Outstanding claims provisions	78.5	68.3	10.2	15.0%
Other technical provisions	0.1	0.3	-0.2	-60.6%
Total non-life classes	**127.8**	**112.3**	**15.5**	**13.8%**
Life classes				
Mathematical provisions	89,474.4	82,012.8	7,461.6	9.1%
Technical provisions where risk is borne by policyholders	7,303.2	7,218.5	84.7	1.2%
Outstanding claims provisions	585.2	1,178.8	-593.6	-50.4%
DPL provisions	11,824.3	9,711.8	2,112.5	21.8%
Other technical provisions	82.4	80.0	2.3	2.9%
Total life classes	**109,269.5**	**100,202.0**	**9,067.5**	**9.0%**
Total	**109,397.3**	**100,314.3**	**9,083.0**	**9.1%**

Provisions for the life classes amount to €109,269.5 million. These provisions are made to meet all of the Company's obligations and include mathematical provisions (€89,474.4 million), provisions for unit- and index-linked products (€7,303.2 million), outstanding claims provisions (€585.2 million), the deferred policyholder liability (DPL) provisions (€11,824.3 million) and other technical provisions (€82.4 million). The latter includes provisions for future expenses, totalling €78.7 million, provisions for supplementary insurance premiums, totalling €3.6 million, and provisions for with-profits policies, amounting to €0.1 million.

DPL provisions of €11,824.3 million at 30 June 2016 are up on the figure for the beginning of the year (€9,711.8 million). This reflects an increase in the fair value of the financial instruments of the financial instruments covering the provisions, as a result of the more positive performance of financial markets compared with the end of the previous year.

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 Italian 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 €127.8 million at the end of the period (€112.3 million in 2015) and consist of: the premium reserve of €49.2 million, outstanding claims provisions of €78.5 million and other provisions of €0.1 million, relating solely to the ageing reserve. Outstanding claims provisions for claims incurred but not reported (IBNR) amount to €15.9 million. Changes in the premium reserve and outstanding claims provisions reflect the growth in premium revenue.

FINANCIAL POSITION

Financial investments

In terms of **investments**, during the period, against a backdrop of falling interest rates and declining yields on government securities, whilst maintaining a moderate risk appetite, the Company continued with the gradual process of diversifying investments by increasing its exposure to equities (up from 10.6% to 12.7%), above all multi-asset, harmonised open-end funds of the UCITS (Undertakings for Collective Investment in Transferable Securities) type. In line with its strategic asset allocation policy, moreover, the Company continued to invest in real estate funds (targeting retail and office properties) in Europe. Again with a view to diversifying its investments, and in the light of the current financial environment, Poste Vita decided to invest approximately €260 million in a closed-end alternative investment fund called "Atlante", managed by Quaestio Capital Management, with subscriptions restricted to professional investors. The fund invests primarily in issuers with a lower capital ratio than their minimum capital requirement (and which are, therefore, required by the supervisory authority to strengthen their balance sheets by raising fresh capital) and non-performing loans held by various Italian banks. At the date of this report, the fund has called up €155.0 million, including €137.1 million allocated to the separately managed account, PostaValorePiù, and €17.9 million allocated to the company's free capital. In this context, in keeping with the strategic guidelines in the above-mentioned business plan, the Company has proceeded to adopt a prudent approach to investment, with the portfolio continuing to be invested primarily in government securities and highly-rated corporate bonds, with an overall exposure that represents 87% of the entire class C portfolio.

With regard to derivative transactions, at 30 June 2016 the only derivative instruments held include the warrants purchased in relation to index-linked policies.

At 30 June 2016, total investments amount to €113,070.7 million, up 8.7% on the €104,061.9 million of 2015, reflecting the operating performance and financial market trends.

(dati in milioni di Euro)

Investimenti finanziari	giu-16	dic-15	Variazione	
Partecipazioni in collegate	105,4	105,2	0,2	0%
Finanziamenti e crediti	48,7	101,4	-52,7	-52,0%
Attività finanziarie disponibili per la vendita	90.872,1	83.871,3	7.000,8	8%
Attività finanziarie al fair value rilevato a C/E	21.345,4	18.375,9	2.969,5	16,2%
Disponibilità liquide e mezzi equivalenti	671,0	1.608,1	-937,1	-58%
Totale Investimenti Finanziari	**113.042,5**	**104.061,9**	**8.980,6**	**9%**

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 non-operating properties transferred from the parent in 2001. The figures for the first half of 2016 show that the company's equity amounts to €234.2 million and that it reported a profit for the period of approximately €0.4 million.

Loans and receivables consist solely of subscriptions and the related capital calls on mutual funds for which the corresponding units have not yet been issued. The reduction compared with the end of 2015 is due to the full use of the cash in the current account held with Poste Italiane.

Available-for-sale (AFS) financial assets amount to over €90.9 billion and primarily relate to securities allocated to separately managed accounts (approximately €87.1 billion) and a residual portion attributable to the Company's free capital (approximately €3.8 billion).

				(€m)
Available for-sale financial assets	**At 30 June 2016**	**At 31 December 2015**	**Increase/(decrease)**	
Equity instruments	17.5	8.5	9.0	106.4%
Debt securities	88,842.5	82,246.7	6,595.8	8.0%
of which: government bonds	*74,822.2*	*70,764.4*	*4,057.8*	*5.7%*
corporate bonds	*14,020.4*	*11,482.3*	*2,538.0*	*22.1%*
UCITS units	2,012.1	1,616.1	395.9	24.5%
Total	**90,872.1**	**83,871.3**	**7,000.8**	**8.3%**

The fair value reserve for these instruments thus amounts to €11,778.0 million, represented by potential gains, including €11,432.7 million attributable to policyholders through the shadow accounting mechanism, as they relate to financial instruments included in separately managed accounts. The remaining €345.3 million (€315.1 million in 2015) refers to net gains on AFS securities included in the Company's free capital and therefore attributable to a specific equity reserve (equal to €239.9 million), net of the related taxation.

Financial assets at fair value through profit or loss (FVTPL) amount to approximately €21.3 billion (€18.4 billion at 31 December 2015) and primarily regard:

- financial instruments backing unit and index-linked policies, totalling €7.3 billion, in line with the figure at 31 December 2015;
- investments included in the Company's separately managed accounts, amounting to €14.0 billion, of which: i) approximately €3.5 billion are callable bonds; ii) €0.6 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 €9.9 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 2016**	**At 31 December 2015**	**Increase/(decrease)**	
Debt securities	9,121.4	7,558.6	1,562.9	20.68%
of which: government bonds	*5,587.4*	*5,664.9*	*-77.4*	*-1.4%*
corporate bonds	*3,534.0*	*1,893.7*	*1,640.3*	*87%*
Structured bonds	1,325.9	1,345.8	-19.9	-1.5%
UCITS units	10,776.6	9,227.3	1,549.3	16.8%
Derivatives	121.5	244.2	-122.7	-50.24%
Total	**21,345.4**	**18,375.9**	**2,969.5**	**16.16%**

The increase in the first half primarily reflects new investments in multi-asset, harmonised open-end funds of the UCITS type and in corporate bonds. Further disclosures regarding these investments are provided in the section, "IFRS 12 - Disclosures about interests in non-consolidated structured entities".

The financial market trends registered during the period resulted in the recognition of net fair value gains of approximately €589.8 million (€20.5 million at 30 June 2015), including: i) €698.6 million in net gains on investments included in separately managed accounts and thus attributable in full to policyholders through the shadow accounting mechanism, and ii) €109.0 million in net losses on assets backing unit- and index-linked products, almost entirely relating to warrants held in portfolio at the end of the period and which, therefore, are matched by a corresponding change in technical provisions.

The composition of the portfolio according to issuing country is in line with the situation in 2015, being marked by a strong prevalence of Italian government bonds, as shown in the following table.

(€m)

Issuing country	AFS	FVTPL	TOTAL
Austria	65.3	31.8	97.0
Australia	346.5	70.8	417.3
Belgium	295.1	142.1	437.2
Canada	94.7	0.0	94.7
Switzerland	320.3	9.7	329.9
Czech Republic	0.0	0.0	0.0
Germany	1,018.5	170.7	1,189.1
Denmark	84.8	57.2	142.0
Spain	3,884.5	152.8	4,037.3
Finland	112.4	0.0	112.4
France	2,798.3	854.1	3,652.4
UK	1,905.0	1,164.8	3,069.9
Ireland	375.9	252.8	628.8
Italy	74,368.8	6,451.1	80,819.8
Japan	10.5	12.8	23.3
Luxembourg	707.8	4,307.2	5,015.0
Mexico	0.0	224.3	224.3
Netherlands	63.9	20.1	84.0
Norway	2,063.7	395.9	2,459.6
New Zealand	55.8	5.2	61.0
Poland	29.6	0.0	29.6
Portugal	39.5	0.0	39.5
Sweden	298.1	58.0	356.1
Slovenia	101.4	0.0	101.4
United States of America	1,831.5	6,964.2	8,795.7
Total	**90,872.1**	**21,345.4**	**112,217.5**

The distribution of the securities portfolio at 30 June 2016 by duration class is shown below:

(€m)

Duration (in years)	AFS	FVTPL
up to 1	17,564.0	13,178.4
from 1 to 3	8,674.9	4,950.2
from 3 to 5	19,021.3	740.7
from 5 to 7	13,032.0	1,036.1
from 7 to 10	15,061.8	933.2
from 10 to 15	10,905.7	344.0
from 15 to 20	5,403.8	136.4
from 20 to 30	1,175.8	26.4
over 30	32.7	0.0
Total	**90,872.1**	**21,345.4**

<u>Cash</u> relates to temporary cash balances, mainly available in "Separately managed accounts". The reduction compared with the end of the 2015 is due to new investments during the first half.

<u>Net income from financial investments</u> for the first six months of 2016 amounts to €1,422.1 million, after excluding unrealised gains or losses. This is slightly down on the figure for the first six months of 2015 (€1,594.6 million), primarily due to falling yields on government securities and a reduction in net realised gains. Unrealised gains or losses resulted in net unrealised gains of €589.7 million (net unrealised losses of €114.5 million in the same period of 2015), including: i) €698.6 million in net gains on investments included

in the Company's separately managed accounts and, therefore, attributable to policyholders through the shadow accounting mechanism, and ii) €109.0 million in net losses on assets backing unit- and index-linked products, almost entirely relating to warrants held in portfolio at the end of the period and which, therefore, are matched by a corresponding change in technical provisions.

(€m)

Financial income/(expenses) - Six months ended 30 June 2016	**Interest**	**Other income (expenses), net**	**Ordinary income**	**Net realised gains/ (losses)**	**Net unrealised gains/(losses)**	**Total income (expenses), net**
Income and expenses from financial assets at fair value through profit or loss	39.5	74.8	114.3	-1.9	589.5	701.9
Income and expenses from available-for-sale financial assets	1,121.3	9.7	1,131.0	197.4	0.0	1,328.3
Income from cash and cash equivalents	-0.0		-0.0			-0.0
Income and expenses from loans and receivables			0.0			0.0
Income and expenses from other financial liabilities	-18.7		-18.7			-18.7
Income and expenses from investments in associates			0.0		0.2	0.2
Total June 2016	**1,274.1**	**84.5**	**1,358.6**	**195.5**	**457.6**	**2,011.7**
Financial income/(expenses) - Six months ended 30 June 2015	**Interest**	**Other income (expenses), net**	**Ordinary income**	**Net realised gains/ (losses)**	**Net unrealised gains/(losses)**	**Total income (expenses), net**
Income and expenses from financial assets at fair value through profit or loss	162.6	81.3	243.8	14.1	-115.3	142.6
Income and expenses from available-for-sale financial assets	1,164.9	15.8	1,180.7	173.9	0.0	1,354.6
Income from cash and cash equivalents	0.3	0.0	0.3	0.0		0.3
Income and expenses from loans and receivables	1.6	0.0	1.6	0.0		1.6
Income and expenses from other financial liabilities	-19.9	0.0	-19.9	0.0		-19.9
Income and expenses from investments in associates	0.0	0.0	0.0		0.8	0.8
Total June 2015	**1,309.5**	**97.1**	**1,406.6**	**188.0**	**-114.5**	**1,480.0**
June 2016 vs June 2015	**-35.4**	**-12.6**	**-48.0**	**7.5**	**572.1**	**531.7**

Returns on Poste Vita's separately managed accounts, in the specific period under review (from 1 January 2016 to 30 June 2016) are as follows:

Separately managed accounts	**Gross return**	**Average invested capital**
	% rate	**€m**
Posta Valore Più	3.12%	84,245.7
Posta Pensione	4.33%	4,054.4

Equity and solvency margin

Equity amounts to €3,468 million at 30 June 2016, marking an increase of €190.9 million compared with the beginning of the year. Changes during the period primarily reflect: i) profit for the period of €170.2 million, and ii) the movement in the valuation reserve for available-for-sale financial assets included in the Parent Company's free capital (€21.0 million).

(€m)

Equity	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Share capital	1,216.6	1,216.6	0.0	0.0%
Revenue reserves and other equity reserves:	1,841.5	1,493.6	347.9	23.3%
Legal reserve	*102.0*	*87.0*	*15.0*	*17.2%*
Extraordinary reserve	*0.7*	*0.6*	*0.0*	*0.4%*
Organisation fund	*2.6*	*2.6*	*0.0*	*0.0%*
Negative goodwill	*0.4*	*0.4*	*0.0*	*0.0%*
Retained earnings	*1,735.8*	*1,402.9*	*332.9*	*23.7%*
Valuation reserve for AFS financial assets	239.8	218.9	21.0	9.6%
Other gains or losses recognised through equity	-0.3	0.0	-0.3	776.2%
Profit for the period	170.2	347.9	-177.8	-51.1%
Total	**3,467.8**	**3,277.0**	**190.9**	**5.8%**

At 30 June 2016, the Company's subordinated debt amounts to €1,200.0 million, including:

- €450 million in loan notes placed with the parent (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.

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. With regard to the Parent Company's borrowings, on 14 April 2016 the Company gave notice of its intention to repay a tranche of debt at maturity, amounting to €50 million. At the date of preparation of this report, the Company has effected repayment of the above tranche.

Interest expense on the above subordinated debt amounts to €18.7 million for the first half of 2016 (€19.9 million at 30 June 2015). This includes interest paid during the period on the subordinated debt subscribed for by the parent, totalling €7.2 million, and a remaining sum of €11.5 million in interest paid to subscribers of the bonds issued by the Parent Company in May 2014.

Distribution

The Poste Vita Insurance Group distributes its products through the post offices of the parent, Poste Italiane SpA - BancoPosta RFC, duly registered under letter D in the single register of insurance intermediaries as per ISVAP Regulation 5 of October 16, 2006. Poste Italiane SpA's sales network consists of approximately 12,500 post offices throughout the country. Insurance contracts are signed in the post offices by qualified and suitably trained personnel.

Total **commissions** for distribution and collection paid to Poste Italiane amount to approximately €227.6 million. On an accruals basis, the amount for the period totals €226.1 million, reflecting the amortisation of prepaid commissions on the sale of pension products.

Training activity for personnel in charge of product sales continued according to regulatory guidelines. Professional training programmes 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 in relation to general welfare issues and the identification of customer needs. In addition, with the aim of developing new distribution channels to complement the post office network, in addition to the launch of telephone sales, through its call centre, of a multi-risk insurance product (Accident, Assistance and Legal Expenses), Poste Italiane SpA has deployed a certain number of staff to sell insurance products door-to-door and has registered the personnel with the appropriate section E of the RUI (the register of insurance brokers). This initiative aims to sell, again via Poste Italiane SpA, a number of non-life and life products which, in view of the specific target market, can be effectively distributed through a network operating outside of the post office network, namely on clients' premises.

Reinsurance policy

Life business

The effects of existing treaties relating to Term Life Insurance policies and reinsurance coverage with regard to LTC (Long-Term Care) insurance continued to be felt in the first half of 2016.

Premiums ceded to reinsurers amount to €8.7 million (€6.6 million for the first half of 2015). The share of claims expenses attributable to reinsurers, after technical provisions, amounts to €7.7 million (€6.0 million in the first half of 2015) and commissions received from reinsurers total €1.1 million (€1.0 million in the first half of 2015). Ceded life policies showed a positive result at the end of the first half of 2016, amounting to €0.1 million, compared with the figure of €0.5 million for the same period of 2015.

Non-life business

The assessment conducted, in terms of both gains or losses on reinsurance and underwriting stability and profitability during the period 2013–2015, has led to the decision to continue 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.

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, and conclude agreements relating to new business and/or the revision of existing agreements.

Based on the above, at its meeting of 18 February 2016, the Board of Directors approved Guidelines covering outward reinsurance contracts and the Reinsurance Plan for 2016, prepared in accordance existing regulations (IVASS Circular 574/D).

Briefly, the reinsurance strategy applied in 2016, in keeping with the Guidelines and the related Reinsurance Plan for 2016, is based on the following:

- confirmation of the preference given to "bouquet" and "multi-line" reinsurance;
- confirmation of the proportional treaty bases on reinsurance cession in the Fire, Other Damage to Property and General Liability classes, maintaining 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;

- a reduction of the proportion of risks ceded in the Fire and Other Damage to Property classes to 40%;
- confirmation of 25% as the proportion of risks ceded in General Third Party Liability, excluding professional liability, which is maintained at 90%;
- 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 for all policies written prior to 20 February 2016;
- adoption of new pure premium rates for credit protection insurance for all policies written after 23 February 2016, in application of all the recommendations contained in the letter from IVASS – Bank of Italy, dated 26 August 2015, relating to "PPI - Payment Protection Insurance. Customer protection measures";
- a reduction of the proportion of risks ceded in the Legal Expenses and Assistance classes to 80% and a further increase in reinsurance commissions (fixed commission + profit-sharing) for all policies written at 31 December 2015 and new policies in 2016;
- 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;
- the retention, by Poste Assicura, of the risk exposure associated with corporate (non-retail) and/or public sector customers, which has continued to be minimal and never in excess of 10%, with the exception of Accident policies.

In view of the above reinsurance strategy and the operating performance, the degree of retained risk, in relation to the Company's remaining exposure to claims following cessions to reinsurers, is equal to approximately 80%, compared with the figure of 74% at 30 June 2015.
The ratio of ceded premiums at the end of the period to gross premiums written is 25% (26% in the same period of 2015).

Complaints

The Parent Company, Poste Vita, received 1,187 new complaints in the first half of 2016, compared with 952 in the first half of 2015. The ratio of complaints to the total number of outstanding contracts at 30 June 2016 is 0.02% (0.015% at 30 June 2015). The average time taken to respond to complaints during the period was around 18 days (5 days in the same period of 2015).
The Company received 300 new complaints regarding its Personal Injury Protection (PIP) product in the first half of 2016 (242 in the first half of 2015). The ratio of complaints to the total number of outstanding contracts at 30 June 2016 is 0.005% (0.004% at 30 June 2015). The average time taken to respond to complaints during the period was around 16 days (5 days in the same period of 2015).
The subsidiary, Poste Assicura, received 695 new complaints in the first half of 2016, compared with 596 in the first half of 2015. The ratio of complaints to the total number of outstanding contracts at 30 June 2016 is 0.06% (0.05% at 30 June 2015). The average time taken to respond to complaints during the period was around 20 days (8 days in the first half 2015).

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 Parent Company, Poste Vita, with the exception of 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 and 2 alternates 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 Executive Committee, with responsibility for overseeing the operating performances of the life and non-life companies with respect to their budgets, implementing the Group's plans and the master plan for its strategic projects, assessing and discussing key, Group-wide issues in order to support decision-making by the Chief Executive Officer of Poste Vita and Poste Assicura, and provide guidance for the functions responsible for achieving the companies' objectives; (ii) 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; (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; and (v) a Procurement Committee to advise the Chief Executive Officer and with responsibility – for both companies – for selecting suppliers for the provision of key goods and services with a value of over €100,000 per individual contract.

Lastly, to increase compliance with the more advanced governance models, the Company's articles of association require the appointment of a manager responsible 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.

The Board of Directors and senior management also participate in the above system ("the fourth line of defence"), having been included in the model as a result of the role assigned to them by ISVAP Regulation 20 with regard to determination, implementation, maintenance and monitoring of the internal control and risk management system. In particular:

- the Board of Directors guarantees and has ultimate responsibility for the system, drawing up the related guidelines, monitoring the results and ensuring its ongoing completeness, functionality and efficacy;

- senior management is responsible for implementing, maintaining and monitoring the system in accordance with the guidelines drawn up by the Board of Directors.

This organisational model aims to ensure, at each company, the presence of effective and efficient business processes, the control of current and future risks, procedures for reporting between the different lines of defence, reliable and complete information and protection of the Group's assets over the medium and long term.

The model also includes, with specific regard to the Parent Company, Poste Vita, the Board Committees (the Remuneration Committee and the Internal Audit and Related Party Transactions Committee), in addition to other entities tasked with the conduct of controls such as, for example, the manager responsible for financial reporting, appointed in accordance with Law 262/2005.

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.

In this context, the Internal Auditing function assists the Group in achieving its goals, providing independent and objective assurance with the aim of assessing and improving the control, risk management and corporate governance systems. This function, using a systematic, risk-based approach, monitors and assesses the effectiveness and efficiency of the internal control system and, more generally, the governance system as a whole. This involves coordinating audit activities at Group level and conducting checks in accordance with an annual plan drawn up each year and approved by the Board of Directors. Audit procedures also take into account the nature, extent and complexity of current and future risks inherent in the business.

Internal Auditing also promotes initiatives designed to achieve ongoing improvements to control, risk management and corporate governance systems, including through the provision of support, and contributes to the dissemination of ethical values and principles throughout the Group, without assuming management responsibilities.

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 Company 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 18 December 2014.

As to the matters governed by Legislative Decree 231/01, Poste Vita has adopted a Compliance Programme with the objective of preventing 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 "Poste Italiane Group's Code of Ethics" and the "Poste Italiane Group's Code of Conduct for Suppliers and Partners" adopted by the companies, in keeping with similar codes in place for the parent, Poste Italiane.

Organizational structure and personnel

The Insurance Group goal during the first half was to strengthen its organisational structure to meet the requirements associated with its growing size, the increase in business and plans for the future. In addition, in the same period, the centralisation of a number of non-specialist functions, previously carried out by the subsidiary, Poste Assicura (human resources, administration, legal affairs, etc.), within the Parent Company, Poste Vita, was completed.

The number of direct employees at 30 June 2016 amounts to 468, compared with 452 at 31 December 2015. A breakdown of the workforce by category is shown below:

Workforce breakdown	At 30 June 2016	At 31 December 2015	Increase/ (decrease)
Executives	39	40	-1
Middle managers	183	175	8
Operational staff	239	227	12
Personnel on fixed-term contracts	7	10	-3
Direct employees	**468**	**452**	**16**

The recruitment of additional staff continued during the first half of 2016 in keeping with the growth of the business. The staff hired during the first half were primarily recruited to provide support for the business and for new and ongoing projects, partly with a view to strengthening technical and specialist expertise, as well as governance and control.

In this connection, and in order to boost its human capital, the Group carried out a total of 3,995 hours of specialist training and development courses in the first half of 2016, focusing on insurance expertise (insurance regulations, Solvency II, actuarial matters, etc.).

The development of management skills within the Group was also a priority, with over 625 hours of training provided.

In terms of management training, following the creation of a Corporate University within the Poste Italiane Group, a number of specific training initiatives and scenario workshops were organised, with the aim of developing expertise at Group level. The related courses were attended by employees and managers from Group companies.

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;
- Term Life Insurance policies.

A service contract relating to the provision of Information Technology services by the Parent, Poste Italiane, is currently being finalised.

Furthermore, at 30 June 2016, 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);
- the secondment of personnel and the provision of services to the subsidiary, Poste Assicura;
- 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, MCC, EGI, PosteCom, Poste Energia, Poste Mobile, Poste Assicura, PosteShop, Mistral Air, Poste Tributi and Bancoposta Fondi SGR);
- General Third Party Liability and Fire – Credit insurance for MCC;
- claims management (SDS).

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

Poste Vita Insurance Group companies do not own and have not traded in their 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 24.9, related parties include 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 2016, Poste Vita and Poste Assicura hold bonds issued by Cassa Depositi e Prestiti, acquired under market conditions, and the Parent Company, Poste Vita, is party to a lease agreement entered into, on an arm's length basis, with EUR SpA (90%-owned by the MEF).

The Insurance Group's 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 400 proceedings have been initiated against the Poste Vita Insurance Group, mainly relating to "dormant policies" and the payment of claims.

There was also an increase in enforcement procedures, involving the Company as garnishee in around 170 proceedings

A settlement to the labour dispute brought before the Court of Bologna by a former fixed-term employee of the Company has been reached. The plaintiff had been seeking damages and employment on a permanent contract.

Approximately 130 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.

Tax disputes

With regard to the tax authorities' notification to Poste Vita 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. The Regional Tax Tribunal of Rome rejected both appeals and confirmed the lack of grounds of the claims against the Company. On 23 October 2015, the State Attorney's Office challenged these decisions and summoned the company to appear before the Court of Cassation. The counterclaims filed by Poste Vita before the Court of Cassation were served to the tax authorities on 3 December 2015 and subsequently entered in the Cassation's registry on 17 December 2015. The case is currently pending before the Court of Cassation.

Regarding the disputes relating to 2005, the first hearing before the Provincial Tax Tribunal of Rome was held on 13 July 2015. As on that date the Provincial Tax Tribunal's sentences regarding the disputes for the years 2004 and 2006 had not yet been filed, the Tribunal in first instance postponed dealing with the appeal until 9 November 2015 in order to comply with the decisions of the Tribunal in second instance and to avoid making conflicting statements about identical cases. With a ruling filed on 24 December 2015, the Provincial Tax Tribunal of Rome found in favour of the Company. This ruling was then appealed by the tax authorities, as notified to the company on 26 June 2016. The deadline for entering an appearance before the court is 26 September 2016. The likely outcomes of the tax disputes continue to be taken into account in determining provisions for risks and charges.

IVASS - Istituto per la Vigilanza sulle Assicurazioni **(the insurance regulator)**

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 SpA of its recommendations and the start of an administrative procedure regarding the alleged violation of four provisions concerning anti-money laundering regulations.

On 12 May 2016, the Company was notified that IVASS had ruled that there was evidence of two of the four initially alleged violations, one relating to failings in the organisational structure (in terms of staff and technical resources) and one regarding the absence of effective controls designed to prevent money laundering. As a result, the regulator fined the Company €30,000.00 (three times the minimum penalty) for the first violation and €40,000.00 (4 times the minimum penalty) for the second. The total fine imposed was thus €70,000.00.

Poste Vita paid the fine and, based on the findings of an analysis and assessment carried out, the company's Board of Directors decided not to challenge the ruling.

Finally, in the period between September 2015 and June 2016, IVASS has notified the company of six complaints over its violation art. 183, paragraph 1, letter a) of the Private Insurance Code, relating to delays in the payment of claims.

Bank of Italy – Financial Intelligence Unit (*UIF*)

The Bank of Italy's Financial Intelligence Unit conducted inspections of Poste Vita SpA, relating to violations of anti-money laundering legislation under art. 47 and art. 53, paragraph 4 of Legislative Decree 231/2007, in the periods between 15 and 21 December 2015 and 11 January and 4 February 2016. The above inspections came to an end on 8 April 2016.

On 8 July 2016, the UIF sent Poste Vita a notice of assessment and violation, alleging the company's failure to promptly report suspect transactions (regarding transactions relating to a single policy) pursuant to art. 41 of Legislative Decree 231/2007. The violation in question is punishable, in accordance with art. 57, paragraph 4 of Legislative Decree 231/2007, with a fine amounting to between 1% and 40% of the value of the transactions, as quantified in the above notice of assessment and violation. This means that the fine, in this case, will be between €10,140 and €405,600.

Poste Vita has the right to submit a defence brief or documents to the Ministry of the Economy and Finance and request a hearing before the above authority, pursuant to Law 689/1981.

Regulatory developments

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

- On 19 January 2016, IVASS, the insurance regulator, issued Ruling 17 concerning the calculation of solvency margins for groups, as referred to in Title xv, Chapter i (group supervision) and Chapter iii (supervision over intra-group transactions) of Legislative Decree 209 of 7 September 2005 – the private insurance code – following Italy's implementation of articles 220 to 233 of Directive 2009/138/EC (so-called "Solvency II") and the EIOPA guidelines on the Solvency II requirements (Pillar 1 requirements).
- On 15 March 2016, IVASS issued Ruling 18 concerning the implementing rules for determining technical provisions, as referred to article 36-*bis* of Legislative Decree 209 of 7 September 2005 – the private insurance code – following Italy's implementation of the EIOPA guidelines on the Solvency II requirements (Pillar 1 requirements).
- On 15 March 2016, IVASS issued Ruling 19 governing the procedures for exercising the right to access previously created administrative documents or those held on a long-term basis by IVASS and in existence at the date of the relevant request.
- On 3 May 2016, IVASS issued Ruling 20, containing provisions governing the use of external experts to carry out inspections focusing on the internal models adopted by insurance undertakings, as referred to in Title III, Chapter iv *bis*, Section iii of Legislative Decree 209 of 7 September 2005 – the private insurance code.
- On 10 May 2016, IVASS issued Ruling 21 concerning the quantitative disclosures to be periodically submitted to IVASS for the purposes of financial stability and macroprudential supervision and the related terms and conditions for submission of the data, in accordance with articles 190 and 191 of Legislative Decree 209 of 7 September 2005 – the private insurance code, following Italy's implementation of the EIOPA guidelines on reporting and disclosure requirements (Pillar 3 requirements).
- On 1 June 2016, IVASS issued Ruling 22 concerning group supervision, as referred to in Title xv of Legislative Decree 209 of 7 September 2005 – the private insurance code, as amended by Legislative Decree 74 dated 12 May 2015, and following implementation of the EIOPA guidelines on the method to be used by national supervisory authorities in assessing equivalence in accordance with the Solvency II directive.
- On 6 June 2016, IVASS issued Ruling 24, containing provisions relating to investments and assets covering technical provisions, as referred to in Title iii (pursuit of insurance business), Chapter ii-*bis* (general principles governing investments), article 37-*ter*, and Chapter iii (assets covering technical

provisions), article 38 of the private insurance code, as amended by Legislative Decree 74 dated 12 May 2015, following Italy's implementation of the EIOPA guidelines on corporate governance, with particular regard to the prudent person principle provided for under the Solvency II regime in relation to investments.

- On 3 May 2016, IVASS issued Ruling 46, containing amendments to ISVAP Regulation 24 of 19 May 2008, concerning the procedure for submitting complaints to ISVAP and the management of complaints by insurance undertakings.

ACCOUNTING STANDARDS AND INTERPRETATIONS APPLICABLE FROM 1 JANUARY 2016

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 in connection with contributions linked to service by the employee or a third party. These contributions reduce the entity's service cost in providing benefits and, to the extent that they are commensurate with the service provided by the employee in a given period, can be deducted fully from the cost for the period, instead of being allocated over the employee's years of remaining service.

- IFRS 11 – *Joint Arrangements* amended by Regulation (EU) no. 2173/2015. The amendment provides that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business it will apply all the principles contained in IFRS 3. This applies to the acquisition of both the initial interest and additional interests. On the other hand, an interest held prior to the coming into effect of the amendment is not remeasured, in the event that the acquisition of an additional interest allows the entity to retain joint control (i.e. the additional interest acquired does not give the entity a controlling interest).

- IAS 16 – *Property, Plant and Equipment* and IAS 38 – *Intangible Assets* amended by Regulation (EU) no. 2231/2015. The amendment clarifies whether it is appropriate to use revenue-based methods to calculate the depreciation or amortisation of an asset (in addition to those permitted by the pre-existing versions of IAS 16 and IAS 38 for tangible and intangible assets, respectively). The amendment defined this method as inappropriate in the case of tangible assets and as appropriate for intangible assets but only if it can be demonstrated that revenue and the consumption of the economic benefits of the intangible assets are highly correlated. The amendment is founded on the existence of cases where the revenue generated by the activity that includes the use of an asset typically reflects factors that are not directly linked to consumption of the economic benefits embodied in the asset, such as selling activity, a different production process, changes in selling prices.

- Annual improvement cycle in relation to IFRS 2012 – 2014, adopted with Regulation (EU) no. 2343/2015 in connection with the annual projects to improve and revise international accounting standards.

- IAS 1 – *Presentation of Financial Statements* as amended by Regulation (EU) no. 2406/2015. The amendments aim to improve the effectiveness of disclosure and to encourage companies to apply professional judgment in determining the information to be disclosed in their financial statements when applying IAS 1. In particular, the amendments clarify the guidelines contained in IAS 1 on the materiality, the aggregation of items, the presentation of subtotals, the structure of the financial statements and the disclosure on the accounting policies adopted. Amendments concern also the information required for the section on the other components of other comprehensive income, specifically requiring that the share of other comprehensive income pertaining to associates and joint ventures be accounted for using the equity method, indicating which of these amounts will or will not be recycled subsequently to profit and loss.

- IAS 27 – *Separate Financial Statements* amended by Regulation (EU) no. 2441/2015. Regarding entities that prepare separate financial statements, the amendment permits such entities to adopt the equity method to account for investments in subsidiaries, associates and joint ventures. This option is in addition to those permitted by the pre-existing version of IAS 27 (cost method and in accordance with IAS 39).

EVENTS AFTER 30 JUNE 2016

On 25 July 2016, the deed governing the merger of SDS Nuova Sanità Srl with and into SDS System Data Software Srl, pursuant to art. 2505 of the Italian Civil Code, was signed and the merged entity renamed Poste Welfare Servizi Srl.

As described in the section, “Equity and solvency margin”, with regard to the Parent Company’s borrowings, on 14 April 2016 the Company gave notice of its intention to repay a tranche of debt at maturity, amounting to €50 million. At the date of preparation of this report, the Company has effected repayment of the above tranche.

OUTLOOK

In keeping with the business plan, the Insurance Group will continue to pursue growth by providing an innovative and effective response to the insurance needs of consumers and businesses. This will see the Group combine investment and protection products in order to offer simple, but highly professional, solutions to meet growing and socially relevant demand for insurance (such as, for example, supplementary pensions and longevity protection and personal risk insurance, etc.) and provide assistance in the form of modular products that are easy for customers to access.

In addition, the Insurance Group will continue to reinforce our business support systems, through initiatives designed to complete the review and upgrade of IT platforms.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE POSTE VITA GROUP

NOTES

The financial statements for the six months ended 30 June 2016 are provided below:

(€000)

	STATEMENT OF FINANCIAL POSITION - ASSETS	At 30 June 2016	At 31 December 2015
1	**INTANGIBLE ASSETS**	**42,438**	**42,167**
1.1	Goodwill	17,823	17,823
1.2	Other intangible assets	24,615	24,343
2	**TANGIBLE ASSETS**	**6,477**	**7,664**
2.1	Land and buildings	-	-
2.2	Other tangible assets	6,477	7,664
3	**TECHNICAL PROVISIONS CEDED TO REINSURERS**	**64,592**	**57,396**
4	**INVESTMENTS**	**112,371,536**	**102,453,845**
4.1	Investment property	-	-
4.2	Investments in subsidiaries, associates and joint ventures	105,376	105,225
4.3	Investments held to maturity	-	-
4.4	Loans and receivables	48,670	101,399
4.5	Available-for-sale financial assets	90,872,055	83,871,302
4.6	Financial assets at fair value through profit or loss	21,345,435	18,375,920
5	**SUNDRY RECEIVABLES**	**169,540**	**81,963**
5.1	Receivables arising from direct insurance transactions	40,850	11,964
5.2	Receivabes arising from reinsurance transactions	9,534	4,183
5.3	Other receivables	119,156	65,816
6	**OTHER ASSETS**	**1,821,988**	**1,461,033**
6.1	Non-current assets or disposal groups held for sale	-	-
6.2	Deferred acquisition costs	57,972	56,494
6.3	Deferred tax assets	16,222	12,587
6.4	Current tax assets	1,741,710	1,390,533
6.5	Sundry assets	6,083	1,419
7	**CASH AND CASH EQUIVALENTS**	**670,973**	**1,608,061**
	TOTAL ASSETS	**115,147,544**	**105,712,128**

(€000)

	STATEMENT OF FINANCIAL POSITION - LIABILITIES AND EQUITY	At 30 June 2016	At 31 December 2015
1	**EQUITY**	**3,467,968**	**3,276,963**
1.1	**attributable to the owners of the Parent**	**3,467,968**	**3,276,963**
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	1,841,547	1,493,619
1.1.5	(Treasury shares)	-	-
1.1.6	Reserve for currency translation differences	-	-
1.1.7	Valuation reserve for available-for-sale financial assets	239,848	218,863
1.1.8	Other gains or losses recognised directly through equity	- 289	- 54
1.1.9	Profit/(Loss) for the period attributable to owners of the Parent	170,255	347,927
1.2	**attributable to non-controlling interests**	-	-
1.2.1	Share capital and reserves attributable to non-controlling interests	-	-
1.2.2	Gains or losses recognised directly through equity	-	-
1.2.3	Profit/(Loss) for the period attributable to non-controlling interests	-	-
2	**PROVISIONS**	**11,187**	**11,187**
3	**TECHNICAL PROVISIONS**	**109,397,323**	**100,314,238**
4	**FINANCIAL LIABILITIES**	**1,201,578**	**1,211,890**
4.1	Financial liabilities at fair value through profit or loss	-	-
4.2	Other financial liabilities	1,201,578	1,211,890
5	**PAYABLES**	**246,843**	**206,832**
5.1	Payables arising from direct insurance transactions	151,638	141,262
5.2	Payables arising from reinsurance transactions	17,758	8,067
5.3	Other payables	77,448	57,503
6	**OTHER LIABILITIES**	**822,645**	**691,018**
6.1	Liabilities included in disposal groups held for sale	-	-
6.2	Deferred tax liabilities	182,379	184,308
6.3	Current tax liabilities	629,371	500,068
6.4	Other liabilities	10,895	6,642
	TOTAL LIABILITIES AND EQUITY	**115,147,544**	**105,712,128**

(€000)

	INCOME STATEMENT for the six months ended 30 June	2016	2015
1.1	Net premium revenue	10,551,444	9,476,639
1.1.1	*Gross premium revenue*	10,573,531	9,496,399
1.1.2	*Outward reinsurance premiums*	- 22,087	- 19,759
1.2	Fee and commission income	2,109	-
1.3	Net income (expenses) from financial assets at fair value through profit or loss	701,926	142,597
1.4	Income from investments in subsidiaries, associates and joint ventures	160	758
1.5	Income from other financial instruments and investment property	1,332,240	1,398,828
1.5.1	*Interest income*	1,121,257	1,166,818
1.5.2	*Other income*	10,508	15,835
1.5.3	*Realised gains*	200,475	216,175
1.5.4	*Unrealised gains*	-	-
1.6	Other income	5,109	229
1	**TOTAL REVENUE**	**12,592,989**	**11,019,051**
2.1	Net claims expenses	- 11,950,903	- 10,389,065
2.1.1	*Claims paid and change in technical provisions*	- 11,962,400	- 10,399,984
2.1.2	*Share attributable to reinsurers*	11,497	10,920
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	- 22,583	- 62,181
2.4.1	*Interest expense*	- 18,667	- 19,906
2.4.2	*Other expenses*	- 803	-
2.4.3	*Realised losses*	- 3,113	- 42,275
2.4.4	*Unrealised losses*	-	-
2.5	Operating costs	- 299,136	- 263,262
2.5.1	*Commissions and other acquisition costs*	- 244,157	- 218,344
2.5.2	*Investment management expenses*	- 20,147	- 18,074
2.5.3	*Other administrative expenses*	- 34,831	- 26,844
2.6	Other costs	- 37,278	- 30,647
2	**TOTAL COSTS AND EXPENSES**	**- 12,309,900**	**- 10,745,155**
	PROFIT/(LOSS) BEFORE TAX	**283,089**	**273,896**
3	Income tax expense	- 112,834	- 108,519
	PROFIT/(LOSS) FOR THE PERIOD	**170,255**	**165,377**
4	**PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS**	**-**	**-**
	CONSOLIDATED PROFIT/(LOSS)	**170,255**	**165,377**
	of which attributable to owners of the Parent	**170,255**	**165,377**
	of which attributable to non-controlling interests	-	-

NOTES

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements of the Poste Vita Group for the six months ended 30 June 2016 have been prepared in accordance with IVASS Regulation 7 of 13 July 2007, as amended.

The scope of consolidation includes Poste Vita SpA, its subsidiary, Poste Assicura SpA, an insurance company established in 2010 and a provider of non-life insurance, and, from 2015, SDS Data Software SpA. The companies are wholly owned by Poste Vita and meet the definition provided by IFRS 10, being therefore 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. EGI has also begun operating in the electricity market under a specific licence to operate as a wholesale buyer, procuring energy for the Poste Italiane Group. This activity was formerly carried out by Poste Energia SpA, which was wound up following its merger with and into EGI with effect from 31 December 2015.

This investment is not consolidated on a line-by-line basis but accounted for using the equity method.

Name	Country	Business	Type of ownership	% direct ownership	Method of consolidation
Poste Assicura SpA	Italy	Insurance	Subsidiary	100	Line-by-line
SDS Data Software SpA	Italy	Services	Subsidiary	100	Line-by-line
Europa Gestioni Immobiliare SpA	Italy	Property management	Associate	45	Equity method

The consolidated financial statements for the six months ended 30 June 2016 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, except for instances requiring the application of fair value, as per IFRS 13. There have been no changes in the accounting policies adopted, unless otherwise indicated in the following section.

New accounting standards

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 in connection with contributions linked to service by the employee or a third party. These contributions reduce the entity's service cost in providing benefits and, to the extent that they are commensurate with the service provided by the employee in a given period, can be deducted fully from the cost for the period, instead of being allocated over the

employee's years of remaining service.

- IFRS 11 – *Joint Arrangements* amended by Regulation (EU) no. 2173/2015. The amendment provides that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business it will apply all the principles contained in IFRS 3. This applies to the acquisition of both the initial interest and additional interests. On the other hand, an interest held prior to the coming into effect of the amendment is not remeasured, in the event that the acquisition of an additional interest allows the entity to retain joint control (i.e. the additional interest acquired does not give the entity a controlling interest).
- IAS 16 – *Property, Plant and Equipment* and IAS 38 – *Intangible Assets* amended by Regulation (EU) no. 2231/2015. The amendment clarifies whether it is appropriate to use revenue-based methods to calculate the depreciation or amortisation of an asset (in addition to those permitted by the pre-existing versions of IAS 16 and IAS 38 for tangible and intangible assets, respectively). The amendment defined this method as inappropriate in the case of tangible assets and as appropriate for intangible assets but only if it can be demonstrated that revenue and the consumption of the economic benefits of the intangible assets are highly correlated. The amendment is founded on the existence of cases where the revenue generated by the activity that includes the use of an asset typically reflects factors that are not directly linked to consumption of the economic benefits embodied in the asset, such as selling activity, a different production process, changes in selling prices.
- Annual improvement cycle in relation to IFRS 2012 – 2014, adopted with Regulation (EU) no. 2343/2015 in connection with the annual projects to improve and revise international accounting standards.
- IAS 1 – *Presentation of Financial Statements* as amended by Regulation (EU) no. 2406/2015. The amendments aim to improve the effectiveness of disclosure and to encourage companies to apply professional judgment in determining the information to be disclosed in their financial statements when applying IAS 1. In particular, the amendments clarify the guidelines contained in IAS 1 on the materiality, the aggregation of items, the presentation of subtotals, the structure of the financial statements and the disclosure on the accounting policies adopted. Amendments concern also the information required for the section on the other components of other comprehensive income, specifically requiring that the share of other comprehensive income pertaining to associates and joint ventures be accounted for using the equity method, indicating which of these amounts will or will not be recycled subsequently to profit and loss.
- IAS 27 – *Separate Financial Statements* amended by Regulation (EU) no. 2441/2015. Regarding entities that prepare separate financial statements, the amendment permits such entities to adopt the equity method to account for investments in subsidiaries, associates and joint ventures. This option is in addition to those permitted by the pre-existing version of IAS 27 (cost method and in accordance with IAS 39).

PART C - NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

1. INTANGIBLE ASSETS

Intangible assets amount to €42,438.0 thousand at 30 June 2016, compared with €42,166.6 thousand at the end of 2015.

(€000)

Intangible assets	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Gross amount	74,004.2	68,180.8	5,823.4	8.5%
AccumulAted amortisAtion	31,566.2	26,014.2	5,552.0	21.3%
Carrying amount	**42,438.0**	**42,166.6**	**271.4**	**0.6%**

The following table provides a breakdown:

(€000)

Intangible assets	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Software	51,467.3	44,691.6	6,775.7	15.2%
Avviamento	17,822.6	17,823.2	- 0.6	0.0%
Immobilizzazioni in corso	4,182.3	5,134.0	- 951.7	-18.5%
Costi di impianto ed ampliamento	532.0	532.0	- 0.0	0.0%
Valore Netto	**74,004.2**	**68,180.8**	**5,823.4**	**8.5%**

This item mainly comprises unamortized long-term software programme licenses, totalling €51,467.3 thousand.

Software licenses have finite useful lives and are amortised at a rate of 33%. No impairment losses were recognised in the period under review. As required by IAS 36 ("Impairment of Assets"), goodwill is tested for impairment at least annually to assess whether or not there has been a reduction in its recoverable amount with respect to the carrying amount.

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

(€000)

Intangible assets	At 31 December 2015	Increases	Decreases	At 30 June 2016
Software	44,691.6	6,775.7		51,467.3
- Accumulated amortisation	(25,488.8)	(5,548.7)	-	31,037.5
Goodwill	17,823.2	0.0	0.6	17,822.6
Intangibles in progress	5,134.0		951.7	4,182.3
- Accumulated amortisation	0.0			-
Start-up and expansion costs	532.0	0.0		532.0
- Accumulated amortisation	(525.4)	(3.3)	-	528.7
Total	**42,166.6**	**1,223.7**	**952.3**	**42,438.0**

Increases with respect to the previous year reflect the capitalisation of costs for the acquisition of software licenses and upgrades of other software applications, totalling €6,775.7 thousand.

2. TANGIBLE ASSETS

Tangible assets amount to €6,477 thousand, down €1,187 thousand compared with 31 December 2015.

(€000)

Other tangible assets	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Gross amount	13,226.2	13,642.4 -	416.2	-3.1%
Accumulated depreciation	6,749.0	5,978.2	770.8	12.9%
Carrying amount	**6,477.2**	**7,664.2**	**(1,187.0)**	**-15.5%**

The following table shows a breakdown of tangible assets:

(€000)

Other tangible assets	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Fixtures and fittings	1,024.0	1,782.4	(758.5)	-42.6%
Computer equipment	5,144.2	5,493.4	(349.2)	-6.4%
Telephone system	203.5	323.9	(120.4)	-37.2%
Motor vehicles	7.0	8.7	(1.7)	-19.5%
Leasehold improvements	98.5	55.8	42.7	76.5%
Carrying amount	**6,477.2**	**7,664.2**	**(1,187.0)**	**-15.5%**

Other tangible assets primarily relate to assets used in operations: fixtures and fittings amounting to €1,024 thousand, net of accumulated depreciation, electronic equipment amounting to €5,144 thousand, net of accumulated depreciation, the telephone system amounting to €203 thousand, net of accumulated depreciation, and leasehold improvements amounting to €98 thousand, net of accumulated depreciation.

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

(€000)

Other tangible assets	At 31 December 2015	Increases	Decreases	At 30 June 2016
Computer equipment	9,914.8	387.9		10,302.7
- Accumulated depreciation	(4,421.4)	(737.1)		(5,158.5)
Fixtures and fittings	2,682.1		(745.4)	1,936.7
- Accumulated depreciation	(899.7)	(13.1)		(912.8)
Telephone system	683.5		(107.3)	576.2
- Accumulated depreciation	(359.6)	(13.1)		(372.7)
Motor vehicles	17.5	0.0		17.5
- Accumulated depreciation	(8.8)	(1.7)		(10.5)
Leasehold improvements	344.5	48.5		393.0
- Accumulated depreciation	(288.7)	(5.9)		(294.6)
Total	**7,664.2**	**(334.4)**	**(852.7)**	**6,477.2**

This item has decreased by €852.7 thousand during the first half. The reduction mainly regarded the item, “Furniture and fittings”, reflecting the sale of retail stands to the parent, Poste Italiane.

3. TECHNICAL PROVISIONS CEDED TO REINSURERS

At 30 June 2016, these provisions total €64,592 thousand, an increase of €7,196 thousand compared with 31 December 2015 (€57,396 thousand). A breakdown of the balance is provided below:

(€000)

Technical provisions ceded to reinsurers	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Non-life provisions				
Premium reserve	7,340.0	5,892.4	1,447.6	24.6%
Outstanding claims provisions	23,456.0	21,850.1	1,605.9	7.3%
Other provisions	-	-	-	
Life provisions			-	
Outstanding claims provisions	6,755.0	5,494.0	1,261.0	23.0%
Mathematical provisions	27,041.0	24,159.2	2,881.8	11.9%
Technical provisions where risk is borne by policyholders and pension fund provisions			-	
Other provisions			-	
Total	**64,592.0**	**57,395.7**	**7,196.3**	**12.5%**

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 € 112,371,536 thousand at 31 June 2016, up 91.2% on the figure for the end of 2015, amounting to €102,453,844 thousand. This item consists of the following:

(€000)

Financial investments	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Investments in associates	105,375.9	105,224.9	151.0	0.1%
Loans and receivables	48,670.2	101,398.8	(52,728.7)	-52.0%
Available-for-sale financial assets	90,872,054.8	83,871,301.6	7,000,753.3	8.3%
Financial assets at fair value through profit or loss	21,345,435.4	18,375,919.6	2,969,515.9	16.2%
Total financial investments	**112,371,536.3**	**102,453,844.9**	**9,917,691.5**	**9.7%**

Investments in subsidiaries, associates and joint ventures

The Poste Vita Group accounts for its associate, Europa Gestioni Immobiliare SpA (EGI) - a real estate company, 45% owned by the Group, tasked with the management and development of the Poste Italiane SpA Group's properties – using the equity method. The figures for the first half of 2016 show that the company's equity amounts to €234.2 million and that it reported a profit for the period of approximately €0.4 million.

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 and D.5 to these financial statements.

Loans and receivables

Loans and Receivables amount to €48,670 thousand at 30 June 2016, compared with €101,399 thousand at 31 December 2015. They consist solely of 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 2016	At 31 December 2015	Increase/(decrease)	
Equity instruments		17,453.2	8,457.7	8,995.5	106.4%
Debt securities		88,842,545.4	82,246,732.5	6,595,812.9	8.0%
of which:	*government bonds*	74,822,161.2	70,764,396.2	4,057,765.0	5.7%
	corporate bonds	14,020,384.2	11,482,336.3	2,538,047.9	22.1%
UCITS units		2,012,055.2	1,616,111.4	395,943.8	24.5%
Total		**90,872,053.8**	**83,871,301.6**	**7,000,752.2**	**8.3%**

The increase of approximately €7,000,752 thousand, compared with the end of 2015, primarily reflects the positive operating performance and gains during the period. At 30 June 2016, net unrealised gains on securities classified as AFS amount to approximately €11,778,019 thousand, compared with approximately €10,333,361 thousand at the end of 2015. Of these amounts, €11,432,709 thousand (€10,018,246 thousand at 31 December 2015) is attributable to policyholders through the shadow accounting mechanism, in accordance with IFRS 4, as they relate to financial instruments included in separately managed accounts. The remaining €345,309 thousand (€315,114 thousand in 2015) refers to net gains on AFS securities included in the Company's free capital and therefore attributable to a specific equity reserve (equal to €239,848 thousand), net of the related taxation.

Equity instruments, classified in the AFS category, totalling €17,453 thousand (€8,458 thousand at 31 December 2015), relate to Class I products linked to separately managed accounts.
Debt securities of €88,842,545 thousand (€82,246,732 thousand at 31 December 2015) include €87,267,699 thousand in instruments traded on liquid and active markets, as defined on the basis of the Fair Value Policy approved for the Group, in application of IFRS 13. The remaining €1,574,846 thousand regards financial instruments not traded on liquid and active markets, as defined by the above IFRS, and include specific CDP SpA issuances (private placements) with a fair value of €1,160,999 thousand, used to back specific Class I insurance policies.
UCITS units, totalling €2,012,055 thousand (€1,616,111 at 31 December 2015), consist of €1,010,239 thousand in mutual funds primarily invested in equities, €102,069 thousand invested in property funds and €899,717 thousand in mutual funds mainly invested in bonds. 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, and D.5 to these financial statements.

Financial assets at fair value through profit or loss

At 30 June 2016, these assets amount to €21,345,435.9 thousand, compared with €18,375,920 thousand at 31 December 2015, and consist of the following:

(€m)

Financial assets at fair value through profit or loss		At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Debt securities		9,121,443.6	7,558,586.9	1,562,856.7	20.7%
of which:	*government bonds*	5,587,414.4	5,664,860.6	(77,446.2)	(1.4%)
	corporate bonds	3,534,029.2	1,893,726.3	1,640,302.9	86.6%
Structured bonds		1,325,892.7	1,345,786.2	(19,893.5)	(1.5%)
UCITS units		10,776,571.0	9,227,304.6	1,549,266.4	16.8%
Derivatives		121,528.6	244,242.0	(122,713.4)	(50.2%)
Total		**21,345,435.9**	**18,375,919.6**	**2,969,516.3**	**16.2%**

Fixed income instruments, totalling €9,121,444 thousand (€7,558,587 thousand at 31 December 2015), include €5,587,414 thousand in coupon stripped "BTP" Treasury Bonds purchased to back Class III insurance policies, with the remaining €3,534,029 thousand invested in corporate bonds issued by blue-chip companies and included in separately managed accounts.

Structured bonds, totalling €1,325,893 thousand (€1,345,786 thousand at 31 December 2015), relate to investments whose returns are linked to particular market indices, primarily designed to back insurance obligations to the holders of Class III index-linked policies, amounting to €755,682 thousand. The remaining amount regards investments not tied to contractual obligations and thus classified in the Company's free capital. The sum of €569,167 thousand regards Constant Maturity Swaps issued by CDP and included in separately managed accounts. The reduction compared with the beginning of the year reflects disposals of approximately €14,828 thousand to cover corresponding Class III claims, partially offset by fair value gains of €5,066 thousand.

Other financial instruments, totalling €10,776,571 thousand (€9,227,305 thousand at 31 December 2015), regard units of mutual investment funds. This category primarily includes investments in the UCITS funds, Blackrock Diversified Distribution Fund and MFX Global Multi Asset, totalling €9,881,425 thousand. The significant increase over the year reflects the plan, with regard to Class I products, to reduce the exposure to government securities and at the same time ensure constant returns for policyholders. Other financial instruments also include approximately €892,901 thousand invested in unit-linked funds primarily backing unit-linked products.

Derivatives amount to €121,529 thousand (€244,242 thousand at 31 December 2015) and consist of warrants backing index-linked products.

Warrants have a total nominal value of €5,558,057 thousand, unchanged with respect to the beginning of the period (€5,558,057 thousand).

Details of the Group's warrants are as follows:

(€000)

Warrants	At 30 June 2016		At 31 December 2015	
Policy	Nominal value	Fair value	Nominal value	Fair value
Alba	712,242	4,701	712,242	24,544
Terra	1,355,039	11,897	1,355,039	45,245
Quarzo	1,253,802	15,848	1,253,802	44,836
Titanium	655,615	16,987	655,615	44,195
Arco	174,032	18,221	174,032	35,955
Prisma	174,550	14,193	174,550	28,822
6Speciale	200,000	-	200,000	6
6Aavanti	200,000	-	200,000	6
6Sereno	181,482	10,141	181,482	17,381
Primula	184,119	9,097	184,119	16,609
Top5	232,962	9,412	232,962	19,266
Top5 edizione II	234,214	11,031	234,214	22,367
Total	**5,558,057**	**121,529**	**5,558,057**	**299,233**

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, and D.5 to these financial statements.

5. SUNDRY RECEIVABLES

Sundry receivables amount to €169,539 thousand at 30 June 2016, marking an increase of €87,577 thousand on 31 December 2015, when the figure was €81,963 thousand. This item consists of the following:

(€000)

Sundry receivables	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Receivables arising from direct insurance transactions	40,849.6	11,964.0	28,885.6	241.4%
Receivables arising from reinsurance transactions	9,534.0	4,183.0	5,351.0	127.9%
Other receivables	119,156.0	65,815.6	53,340.4	81.0%
Total sundry receivables	**169,539.6**	**81,962.6**	**87,577.0**	**106.9%**

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 spread over a large number of counterparties.

Receivables arising from direct insurance transactions

At 30 June 2016, this item amounts to €40,850 thousand, compared with €11,964 thousand at 31 December 2015, and consists of the following:

(€000)

Receivables arising from direct insurance transactions	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Due from policyholders	5,884.1	2,683.4	3,200.7	119.3%
Premiums receivable from agents	34,657.1	8,657.8	25,999.3	300.3%
Receivables arising from co-insurance agreements	308.4	622.8	(314.4)	-50.5%
Total	**40,849.6**	**11,964.0**	**28,885.6**	**241.4%**

Amounts due from policyholders, totalling €5,884 thousand, reflect uncollected premiums due and payable on the basis of a prudent assessment.
Receivables due from policyholders include €1,598 thousand in uncollected non-life premiums for the period. The remaining €4,286 thousand regards life insurance premiums for the period that have yet to be collected at the end of the period.
Amounts due from agents, totalling €34,657 thousand at 30 June 2016 (€8,657 thousand at 31 December 2015), refer to premiums already collected during the last days of the period which, despite already having been collected by the agent at 30 June 2016, were paid to the Company early in July 2016.
Of the €34,657 thousand receivable, €32,958 thousand is due from the agent, Poste Italiane, and regards premiums written during the last days of the period, which are settled subsequently. These receivables were paid in July 2016.
Receivables from co-insurance agreements amount to €308 thousand at 30 June 2016 (€623 thousand at 31 December 2015) 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 €9,534 thousand, compared with €4,183 thousand at the end of the previous year.

This receivable consists of amounts to be recovered from reinsurers for claims and commissions. The increase with respect to the previous year reflects growth of the business.

Other receivables

Other receivables total €119,156 thousand at the end of the first half of 2016 (€65,816 thousand at 31 December 2015). This item consists of the following:

(€000)

Other receivables	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Due from policyholders for stamp duty	85,336.0	58,276.0	27,060.0	46.4%
Amounts due from the parent, Poste Italiane	220.7	2,390.4	- 2,169.7	-90.8%
Due from third parties	2,265.0	2,823.9	- 558.9	-19.8%
Miscellaneous receivables	31,334.4	2,325.3	29,009.1	1247.5%
Total	**119,156.0**	**65,815.6**	**53,340.5**	**81.0%**

Amounts due from policyholders for stamp duty, in the amount of €85,336 thousand, refer to stamp duty[1] on Class III and V financial policies.

The item "Due from third parties", amounting to €2,265 thousand at 30 June 2016, primarily relates to a sum due from Bancoposta Fondi SGR for VAT paid in 2014 on invoices issued for management fees on the investment of insurance assets. This sum has yet to be settled at 30 June 2014 and amounts to €2,006 thousand.

Amounts due from the parent, Poste Italiane, primarily reflect advances paid to suppliers and receivables outstanding with suppliers belonging to Poste Italiane Group companies.

Miscellaneous receivables, totalling €31,334.4 thousand, primarily regard €22,800 thousand in coupon interest to be collected, a guarantee deposit for the new head office, totalling €2,400 thousand, amounts due from customers, totalling €1,595.98 thousand, and commissions on internal funds, amounting to €1,277.94 thousand.

6. OTHER ASSETS

Other assets total €1,821,987 thousand, an increase of €360,955 thousand compared with 31 December 2015, and include the following:

(€000)

Other assets	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Deferred acquisition costs	57,972.3	56,494.4	1,477.9	2.6%
Deferred tax assets	16,222.4	12,586.6	3,635.8	28.9%
Current tax assets	1,741,709.8	1,390,533.2	351,176.6	25.3%
Sundry assets	6,083.1	1,418.7	4,664.4	328.8%
Total	**1,821,987.5**	**1,461,032.9**	**360,954.6**	**24.7%**

Deferred acquisition costs amount to €57,972 thousand at the end of the period (€56,494 at 31 December 2015). They include €56,874 thousand in unamortised deferred management fees

[1] 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.

attributable to individual pension plans (*FIP - Forme Individuali di Previdenza*) and €1,098 thousand in unamortised fees paid to Poste Italiane on sales of non-life policies.

Deferred tax assets, amounting to €16,222 thousand (€12,587 thousand at 31 December 2015), 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 2016 are shown below:

(€000)

	At 30 June 2016
Deferred tax assets at 31 December 2015	**12,587**
- change accounted for in the income statement	3,622
- change accounted for in equity	14
Deferred tax assets at 30 June 2016	**16,222.4**

Temporary differences accounted for in the income statement originate mainly from provisions for risks and charges, provisions for personnel expenses and impairment losses on equity instruments included in Poste Vita's current assets, as well as other expenses deductible in future years, such as, for example, provisions for bad debts and losses on receivables and the non-deductible excess of the change in outstanding claims provisions attributable to Poste Assicura.
Deferred tax assets and liabilities are calculated on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, using tax rates that are expected to apply when the related deferred tax assets are realised, based on the information available at the end of the reporting period. The Company has taken into account the provisions of art. 1, paragraph 61 of Law 208 of 28 December 2015 (the so-called 2016 Stability Law) which, as the reader will be aware, has reduced the nominal rate for IRES to 24% from the beginning of the 2017 tax year. The Company has also complied with Italian accounting standard OIC 25, calculating the deferred tax assets and liabilities accounting for in the financial statements by applying the IRES rate of 24% to the temporary differences that it is assumed will be reversed from 1 January 2017.
Current tax assets, amounting to €1,741,710 thousand, mainly relate to tax credits on Poste Vita's mathematical provisions under Law 191/2004, totalling approximately €1,665,854 thousand, and payments on account for corporate income tax (IRES) and regional income tax (IRAP) for 2016, totalling €71,395 thousand. The increase in payments of IRES and IRAP on account, compared with the amounts for 31 December 2015, reflects the fact that, in the interim financial statements for the six months ended 30 June, these payments on account are shown before income tax for the period in question.

(€000)

Current tax assets	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Tax credits on mathematical provisions under Law Decree 209/2002	1,665,853.9	1,371,636.5	294,217.4	21.5%
Payments on account for IRES and IRAP	71,394.9	14,546.5	56,848.4	390.8%
Other	4,461.0	4,350.2	110.8	2.5%
Total	**1,741,709.8**	**1,390,533.2**	**351,176.6**	**25.3%**

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounts to €670,973 thousand at the end of the period, compared with €1,608,061 thousand at the end of the previous year.

This item breaks down as follows:

(€000)

Cash and cash equivalents	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Bank deposits	193,839.8	1,494,892.1	(1,301,052.4)	-87.0%
Post office deposits	477,126.6	113,163.1	363,963.5	321.6%
Cash and other cash equivalents	6.2	6.0	0.2	3.3%
Total	**670,972.6**	**1,608,061.2**	**(937,088.6)**	**(58.3%)**

This item includes short-term bank and post office deposits, as well as cash and revenue stamps. This relates to temporary liquidity, primarily attributable to “separately managed accounts”.

LIABILITIES AND EQUITY

1. EQUITY

Equity attributable to owners of the Parent amounts to €3,467,968 thousand (€3,276,963 at 31 December 2015). Changes in individual components are shown in the statement of changes in equity.

The various components of equity are as follows:

(€000)

Equity	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Share capital	1,216,607.9	1,216,607.9	0.0	0.0%
Revenue reserves and other equity reserves:	1,841,546.8	1,493,618.9	347,927.9	23.3%
Legal reserve	*102,001.8*	*86,999.5*	15,002.3	17.2%
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	*1,735,873.3*	*1,402,961.1*	332,912.2	23.7%
Reserve for share-based payments	*15.4*	*2.0*	13.4	663.7%
Valuation reserve for AFS financial assets	239,848.4	218,862.9	20,985.5	9.6%
Other gains or losses recognised directly through equity	(289.3)	(54.3)	(235.0)	432.6%
Profit for the period	170,254.6	347,927.3	(177,672.7)	-51.1%
Total	**3,467,968.4**	**3,276,962.66**	**191,005.8**	**5.8%**

Changes during the period primarily reflect: i) profit for the period of €170,255 thousand, and ii) the movement in the valuation reserve for available-for-sale financial assets included in the Parent Company's free capital (€20,986 thousand).

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

	Profit/(Loss)	Changes in equity	Equity	Profit/(Loss)	Changes in equity	Equity
	2015	*2015*	*at 31 December 2015*	*first half 2016*	*first half 2016*	*at 30 June 2016*
Italian GAAP financial statements	**300,045**	**(150,000)**	**2,910,895**	**185,484**	**0**	**3,096,379**
Measurement of financial assets	82,364		187,194	(20,814)		166,380
Measurement of AFS financial assets less deferred policyholder liabilities	0	(6,709)	208,720	0	20,247	228,967
Adjustment for measurement of investments (cost method)	6,678		(20,167)	0		(20,167)
Actuarial gains/(losses) on employee benefits	0	35	(31)	0	(88)	(119)
Adjustment for deferred acquisition costs	0		0	0		0
Other minor adjustments	2		534	11		545
Parent Company's IAS/IFRS financial statements	**389,089**	**(156,674)**	**3,287,146**	**164,681**	**20,158**	**3,471,985**
Retained earnings of consolidated subsidiary	9,307	1	26,705	5,537	(8)	32,104
Valuation reserve for subsidiary's AFS financial assets at fair value	0	1,459	10,142	0	739	10,881
Measurement of investment using the equity method	(50,587)	15	(46,833)	149	(9)	(46,693)
Elimination of effects of intercompany transactions	119		(198)	(112)		(309)
IAS/IFRS consolidated financial statements	**347,927**	**(155,200)**	**3,276,963**	**170,255**	**20,880**	**3,467,968**

2. PROVISIONS

Provisions total €11,187 thousand at the end of the first half of 2016, unchanged with respect to the figure at the end of 2015. 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 €4.4 million;

- tax liabilities which could arise from ongoing disputes (claims of approximately €5.7 million), as described in greater detail in the Directors' report on operations.

3. TECHNICAL PROVISIONS

Technical provisions total €109,397,323 thousand at 30 June 2016, up €9,083,085 thousand on the figure for the end of the previous year (€100,314,238 thousand). Technical provisions break down as follows:

(€000)

Technical provisions	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Non-life classes:				
Premium reserve	49,187.1	43,745.1	5,442.0	12.4%
Outstanding claims provisions	78,518.4	68,292.4	10,226.0	15.0%
Other technical provisions	118.1	281.3	- 163.2	-58.0%
Total non-life classes	**127,823.6**	**112,318.8**	**15,504.8**	13.8%
Life classes:				
Mathematical provisions	89,474,371.9	82,012,782.8	7,461,589.1	9.1%
Technical provisions where risk is borne by policyholders	7,303,237.7	7,218,466.8	84,770.9	1.2%
Outstanding claims provisions	585,223.5	1,178,839.5	- 593,616.0	-50.4%
DPL provisions	11,824,296.9	9,711,791.6	2,112,505.3	21.8%
Other technical provisions	82,369.3	80,038.8	2,330.5	2.9%
Total life classes	**109,269,499.4**	**100,201,919.5**	**9,067,579.9**	9.0%
Total	**109,397,322.9**	**100,314,238.3**	**9,083,084.6**	**9.1%**

Non-life technical provisions

Non-life technical provisions, before provisions ceded to reinsurers, consist of: the premium reserve of €49,187 thousand, outstanding claims provisions of €78,518 thousand and other provisions relating solely to the aging reserve of €118 thousand. The latter 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 €15,891 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 €78,728 thousand, provisions for supplementary insurance premiums, totalling €3,547 thousand, and provisions for with-profits policies, amounting to €94 thousand. Deferred Policyholder Liability (DPL) provisions, amounting to €11,824,297 thousand at 30 June 2016, are up on the figure for the beginning of the year (€9,711,792 thousand). This reflects the increase in fair value resulting from positive financial market trends with respect to the end of the previous year.

4. FINANCIAL LIABILITIES

Financial liabilities break down as follows:

(€000)

Financial liabilities	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Financial liabilities held for trading				
Financial liabilities designated at fair value through profit or loss				
Other financial liabilities	1,201,577.7	1,211,890.1	(10,312.4)	-0.9%
Total	**1,201,577.7**	**1,211,890.1**	**(10,312.4)**	**-0.9%**

Other financial liabilities, totalling €1,201,578 thousand at 30 June 2016, include €747,977 thousand relating to subordinated bonds issued by the Company in May 2014, including accrued interest on the bonds and the issue discount. The remaining €453,602 thousand regards subordinated debt (of which €400,000 thousand 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 amount payable includes interest accrued on the above debt.

5. PAYABLES

Payables of €246,843 thousand at 30 June 2016 are up €40,181 thousand on the figure of €206,832 thousand at 31 December 2015. The following table shows a breakdown and changes with respect to the previous year:

(€000)

Payables	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Payables arising from direct insurance transactions	151,637.5	141,262.3	10,375.3	7.3%
Payables arising from reinsurance transactions	17,757.8	8,067.1	9,690.7	120.1%
Other payables	77,447.7	57,503.0	19,944.7	34.7%
Total	**246,843.0**	**206,832.4**	**40,010.6**	**19.3%**

Payables arising from direct insurance transactions:

(€000)

Payables arising from direct insurance transactions	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Commissions payable to Poste Italiane	149,947.0	140,374.9	9,572.1	6.8%
Due to policyholders	1,660.8	615.0	1,045.8	170.1%
Payables arising from co-insurance agreements	29.7	272.4	(242.7)	-89.1%
Total	**151,637.5**	**141,262.3**	**10,375.2**	**7.3%**

This item, totalling €149,947 thousand (€140,375 thousand at the end of 2015), refers to invoices to be received from the parent, Poste Italiane SpA, for commissions earned on the sale of insurance products in the first half of 2016. These will be settled in the second half of 2016.

Amounts due to policyholders, totalling €1,660.8 thousand (€615 thousand at 31 December 2015), 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 €30 thousand (€272 thousand at 31 December 2015), 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 2016 amount to €17,758 thousand (€8,067 thousand at 31 December 2015). This item includes amounts payable for premiums ceded under reinsurance treaties in effect at the date of presentation of the financial statements.

Other payables

This item, amounting to €77,448 thousand at the end of the first half of 2016 (€57,503 thousand at 31 December 2015) breaks down as follows:

(€000)

Other payables	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Trade payables	38,757.2	34,051.5	4,705.7	13.8%
Provision for *Partecipa* product	16,666.2	-	16,666.2	
Due to Poste Italiane Group suppliers	11,673.1	8,678.5	2,994.6	34.5%
Due to employees	5,180.1	4,733.2	446.9	9.4%
of which post-employment benefits	2,613.8	2,190.5	423.3	19.3%
Due to MEF	852.3	1,555.1	- 702.8	-45.2%
Payables arising from fund purchases	3,764.6	4,668.5	- 903.8	-19.4%
Sundry payables	554.2	3,816.3	- 3,262.1	-85.5%
Total	**77,447.7**	**57,503.0**	**19,944.7**	**34.7%**

Trade payables of €38,757 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 due to Poste Italiane Group suppliers (€11,673 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 €852 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 €3,765 thousand, refers to funds purchased and not yet paid for at the end of the first half of 2016, totalling €2,487 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 64-66 of IAS 19.
The assessment took into account the period of service of each employee at 31 May 2016. 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:

TABELLA 5.1: RIEPILOGO DELLE BASI TECNICHE ECONOMICHE

	30/06/2016	31/12/2015
Tasso annuo di attualizzazione	1,05%	2,03%
Tasso annuo di inflazione	1,50% per il 2016 1,80% per il 2017 1,70% per il 2018 1,60% per il 2019 2,00% dal 2020 in poi	1,50% per il 2016 1,80% per il 2017 1,70% per il 2018 1,60% per il 2019 2,00% dal 2020 in poi
Tasso annuo incremento TFR	2,625% per il 2016 2,850% per il 2017 2,775% per il 2018 2,700% per il 2019 3,000% dal 2020 in poi	2,625% per il 2016 2,850% per il 2017 2,775% per il 2018 2,700% per il 2019 3,000% dal 2020 in poi

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

(€000)

Post-employment benefits	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Opening balance	2,189.9	2,448.0	823.3	33.6%
Service cost	106.3	62.7	36.6	58.4%
Interest cost	22.0	21.2	23.3	109.9%
Benefits paid	(35.1)	(290.8)	0.0	0.0%
Transfers in/(out)	(7.8)	(5.4)	(23.7)	439.1%
Actuarial (Gains)/Losses	338.1	(45.2)	132.0	-292.1%
Closing balance*	**2,613.4**	**2,190.5**	**991.5**	**45.3%**

6. OTHER LIABILITIES

These items amount to €822,645 thousand at the end of the first half of 2016, compared with €691,018 thousand at the end of the previous year, and break down as follows:

(€000)

Other liabilities	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Deferred tax liabilities	182,379.4	184,308.4 -	1,929.0	-1.0%
Current tax liabilities	629,370.6	500,067.6	129,303.0	25.9%
Other liabilities	10,894.7	6,641.8	4,252.9	64.0%
Total	**822,644.6**	**691,017.7**	**131,626.9**	**19.0%**

Changes in "**Deferred tax liabilities**" in the first half of 2016 are shown below:

	(€000) At 30 June 2016
Deferred tax liabilities at 31 December 2015	**184,308.4**
- change accounted for in the income statement	(11,040.5)
- change accounted for in equity	9,111.6
Deferred tax liabilities at 30 June 2016	**182,379.5**

Temporary differences accounted for in the income statement originate mainly from the increased amount of financial income recognised under IAS/IFRS in Poste Vita's financial statements, compared with the income recognised on the basis of tax regulations, in addition to deferred tax liabilities on the costs of issuing bonds, which were capitalised by Poste Vita in 2014 pursuant to the provisions of art. 32, paragraph 13 of Law Decree 82/2012 and which the Company intends to recover through their amortisation. Temporary differences accounted for directly in equity originate mainly from the fair value measurement of AFS financial assets belonging to Poste Vita and Poste Assicura.

"**Current tax liabilities**", amounting to €629,371 thousand at 30 June 2016, consist of the following.

(€000)

Current tax liabilities	At 30 June 2016	At 31 December 2015	Increase/(decrease)	
Advance payment in relation to reserve for Law Decree 209/2002	416,552.3	384,662.4	31,889.9	8.3%
Stamp duty payable	69,905.1	57,076.7	12,828.4	22.5%
Substitute tax payable on individual pension plans (FIP)	54.5	12,922.3	(12,867.8)	-99.6%
Withholding taxes on life policies	13,208.2	40,828.4	(27,620.1)	-67.6%
Current tax expense	126,941.9	2,352.0	124,589.9	5297.1%
Other	2,708.5	2,225.8	482.7	21.7%
Total	**629,370.6**	**500,067.6**	**129,303.0**	**25.9%**

This item refers primarily to tax due on mathematical provisions for the first half of 2016, totalling €416,552 thousand, and stamp duty payable on financial policies included in Life Classes 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)[2], amounting to €69,905 thousand. The increase in both amounts, compared with the previous year, reflects the increase in mathematical provisions during the period.

Withholding and substitute taxes payable on amounts paid out on life policies amount to €13,836 thousand at 30 June 2016. These taxes are payable for the month of June and will be paid in the following month.

The increase in current IRES and IRAP expense, compared with 31 December 2015, reflects the fact that, in the interim financial statements for the six months ended 30 June, the related amounts are shown before payments on account made in June for income tax for the period.

Other liabilities

Other liabilities amount to €10,894.66 thousand at 30 June 2016 (€6,642 thousand at 31 December 2015) and primarily regard unpaid salaries due to personnel.

[2] Paragraph 7 of the implementing decree provides that for communications relating to policies included in Life Classes III and V, 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.

PART D – NOTES TO THE CONSOLIDATED INCOME STATEMENT

1.1 NET PREMIUM REVENUE

Consolidated net premium revenue for the first half of 2016 amounts to €10,551,444 thousand, up €1,074,804 thousand on the €9,476,639 thousand of the same period of 2015.
Gross premium revenue amounts to €10,578,973 thousand, an increase of 11.4% compared with the first half of 2015 (€9,496,821 thousand). Total outward reinsurance premiums amount to €23,535 thousand for the first half of 2016, compared with €18,961 thousand for the same period of 2015.

(€000)

for the six months ended 30 June	2016	2015	Increase/(decrease)	
Gross life premium revenue	10,521,654	9,449,058	1,072,595.9	11.4%
Gross non-life premium revenue	57,319	47,763	9,555.9	20.0%
Total gross premium revenue	10,578,973	9,496,821	1,082,151.7	11.4%
Change in gross premium reserve	(5,442.0)	(422.4)	(5,019.7)	1188.5%
Gross premium revenue	10,573,531	9,496,399	1,077,132.1	11.3%
Outward life reinsurance premiums	(9,139.4)	(6,569.5)	(2,569.9)	39.1%
Outward non-life reinsurance premiums	(14,395.4)	(12,391.3)	(2,004.0)	16.2%
Total outward reinsurance premiums	(23,534.7)	(18,960.9)	(4,573.9)	24.1%
Change in share of premium reserve attributable to reinsurers	1,447.9	(798.5)	2,246.4	(281.3%)
Outward reinsurance premiums	(22,086.8)	(19,759.3)	(2,327.5)	**11.8%**
Total net premium revenue	**10,551,444**	**9,476,639**	**1,074,804.5**	**11.3%**

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

Financial assets at fair value through profit or loss generated net income of €701,926 thousand in the first half of 2016, compared with income of €142,597 thousand in the same period of 2015. This reflects the impact of financial market trends, which generated net fair value gains of €589,460 thousand, compared with net losses of €115,309 thousand in the same period of 2015.
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 2016	Interest	Other income (expenses), net	Realised gains	Net unrealised gains	Total income (expenses), net
Income and expenses from financial assets at fair value through profit or loss	39,506	74,827	- 1,867	589,460	701,926
Six months ended 30 June 2015					
Income and expenses from financial assets at fair value through profit or loss	162,576	81,259	14,071	- 115,309	142,597
Increase/(decrease)	**- 123,070**	**- 6,432**	**- 15,937**	**704,769**	**559,330**

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

This item totals €1,309,817 thousand for the six months ended 30 June 2016, compared with the €1,337,405 thousand of the same period of 2015. The item breaks down as follows:

(€000)

Financial income/(expenses) - Six months ended 30 June 2016	*Interest*	*Other income (expenses), net*	*Ordinary income*	Net realised gains/(losses)	Net unrealised gains/(losses)	Total income (expenses), net
Income and expenses from available-for-sale financial assets	1,121,256.3	9,705.8	1,130,962.0	197,361.1	-	1,328,323.1
Income from cash and cash equivalents	0.5		0.5			0.5
Income and expenses from loans and receivables			-			-
Income and expenses from other financial liabilities	- 18,666.9		- 18,666.9			- 18,666.9
Income and expenses from investments in associates			-		160.0	160.0
Total	**1,102,589.8**	**9,705.8**	**1,112,295.5**	**197,361.1**	**160.0**	**1,309,816.7**
Financial income/(expenses) - Six months ended 30 June 2015	***Interest***	***Other income (expenses), net***	***Ordinary income***	**Net realised gains/(losses)**	**Net unrealised gains/(losses)**	**Total income (expenses), net**
Income and expenses from available-for-sale financial assets	1,164,864.3	15,834.9	1,180,699.3	173,900	-	1,354,599.3
Income from cash and cash equivalents	342.2	-	342.2	-		342.2
Income and expenses from loans and receivables	1,611.0	-	1,611.0	-		1,611.0
Income and expenses from other financial liabilities	- 19,905.9	-	- 19,905.9	-		- 19,905.9
Income and expenses from investments in associates	-	-	-		758.5	758.5
Total	**1,146,911.7**	**15,834.9**	**1,162,746.6**	**173,900.1**	**758.5**	**1,337,405.2**
Increase/(decrease)	**-44,321.9**	**-6,129.2**	**-50,451.1**	**23,461.1**	**-598.5**	**-27,588.5**

Net income generated from investments in available-for-sale financial instruments in the first six months of 2016 amounts to €1,328,323 thousand, after excluding unrealised gains or losses, and is slightly down on the figure for the first six months of 2015 (€1,354,599 thousand). This primarily reflects falling yields on government securities and lower net realised gains.

A small part of net expenses, totalling approximately €18,667 thousand (€19,906 thousand in the first half of 2015), relates almost entirely to interest expense on subordinated loans.

1.6 OTHER INCOME

This item amounts to €5,109 thousand for the first half of 2016, compared with €229 thousand for the same period of 2015. It relates primarily to the following: i) revenue of €4,813 thousand from ordinary activities at S.D.S. Data Software SpA, a wholly owned subsidiary from November 2015; ii) the reversal of premiums ceded in previous years, totalling €99 thousand; iii) the recovery of claims paid in previous years, totalling €47 thousand, and iv) the recovery of personnel expenses, totalling €40 thousand.

2.1 NET CLAIMS EXPENSES

Total claims expenses, after the share attributable to reinsurers, total €11,950,903 thousand, compared with €10,389,065 thousand in the previous first half. Total amounts paid, including allocated settlement costs and the change in technical provisions, amount to €11,962,400 thousand at the end of the first half of 2016, compared with €10,399,984 thousand for the same period of 2015. These expenses break down as follows:

(€000)

for the six months ended 30 June	2016	2015	Increase/(decrease)	
Non-life business				
Claims paid	8,245.3	8,703.6	(458.3)	(5.3%)
Change in outstanding claims provisions	10,225.9	8,425.3	1,800.6	21.4%
Change in other technical provisions	(163.2)	(91.7)	(71.6)	78.1%
Costs of settling claims	1,306.6	1,350.4	(43.8)	(3.2%)
Total non-life business	**19,614.6**	**18,388**	**1,227.0**	**6.7%**
Life business				
Claims paid	4,278,457.0	3,753,383.8	525,073.1	14.0%
Change in outstanding claims provisions	(593,616.1)	(5,715.3)	(587,900.7)	10286.4%
Change in mathematical provisions	7,467,474.7	7,143,167.2	324,307.5	4.5%
Change in technical provisions where the investment risk is borne by policyholders and deriving from pension fund management	84,771.0	(391,571.5)	476,342.4	(121.6%)
Change in other technical provisions	700,498.6	(121,777.6)	822,276.2	(675.2%)
Costs of settling claims	5,200.0	4,110.2	1,089.8	26.5%
Total life business	**11,942,785.1**	**10,381,597**	**1,561,188.3**	**15.0%**
Total claims paid and change in technical provisions	**11,962,399.7**	**10,399,984**	**1,562,415.2**	**15.0%**

The share attributable to reinsurers amounts to €11,497 thousand, compared with €10,920 thousand for the previous first half, and breaks down as follows:

(€000)

for the six months ended 30 June	2016	2015	Increase/(decrease)	
Non-life business				
Claims paid	2,590.6	2,896.5	- 306.0	(10.6%)
Change in outstanding claims provisions	1,123.4	1,823.7	(700.3)	(38.4%)
Change in other technical provisions	0.0		0.0	-
Costs of settling claims	115.6	151.4	(35.7)	(23.6%)
Total non-life business	**3,829.6**	**4,872**	**(1,042.0)**	**(21.4%)**
Life business				
Claims paid	3,522.6	2,133.2	1,389.4	65.1%
Change in outstanding claims provisions	1,260.8	706.3	554.5	78.5%
Change in mathematical provisions	2,881.4	3,203.9	(322.5)	-10.1%
Costs of settling claims	2.4	4.7	- 2.3	n.s.
Total life business	**7,667.2**	**6,048.1**	**1,619.1**	**26.8%**
Total claims paid and change in technical provisions	**11,496.8**	**10,919.7**	**577.1**	**5.3%**

2.5 OPERATING COSTS

The following table shows a breakdown of operating costs by business (life or non-life):

(€000)

for the six months ended 30 June	2016	2015	Increase/(decrease)	
Non-life business				
Commissions and other acquisition costs:	14,220.3	11,539.6	2,680.7	23.2%
Acquisition commissions	9,971.82	9,485.0	486.9	5.1%
Other acquisition costs	4,248.5	2,054.6	2,193.9	106.8%
Commissions and share of profit received from reinsurers	(5,626.1)	(4,717.1)	(909.0)	19.3%
Total non-life business	**8,594.2**	**6,822.5**	**1,771.7**	**26.0%**
Life business				
Commissions and other acquisition costs:	236,638.0	212,498.3	24,139.7	11.4%
Acquisition commissions	216,137.5	200,279.5	15,858.0	7.9%
Other acquisition costs	20,500.5	12,218.8	8,281.7	67.8%
Commissions and share of profit received from reinsurers	(1,074.7)	(976.5)	(98.3)	10.1%
Total life business	**235,563.2**	**211,521.8**	**24,041.4**	**11.4%**
Investment management expenses	**20,147.3**	**18,074.2**	**2,073.0**	**11.5%**
Other administrative expenses	**34,831.1**	**26,843.7**	**7,987.5**	**29.8%**
Total operating costs	**299,135.8**	**263,262.1**	**35,873.6**	**13.6%**

Acquisition commissions, net of the change in unamortised deferred acquisition costs, amounting to €225,492 thousand at the end of the first half of 2016 (€209,764 thousand in the first half of 2015), 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 written arm's length agreements entered into with Poste Italiane SpA.

Other acquisition costs, amounting to €24,749 thousand (€14,273 in the first half of 2015) 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 €6,701 thousand for the first half of 2016 (€5,694 thousand in the same period of 2015), include commissions paid to the Company by reinsurers, calculated on the share of premiums ceded under the relevant treaties. The increase is linked 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 €34,831 thousand for the period, compared with €26,844 for the first half of 2015.

Investment management expenses amount to €20,147 thousand for the period, compared with €18,074 thousand for the first half of 2015. They include portfolio management fees of €13,087 thousand, fees for the custody of securities, totalling €1,495 thousand, and overheads of €5,566 thousand allocated to this item. The increase in these costs is due to growth in the portfolio.

2.6 OTHER COSTS

This item amounts to €37,278 thousand for the period, compared with €30,647 thousand for the first half of 2015. These costs relate mainly to: i) maintenance commissions paid to the agent, totalling €16,022 thousand; ii) accrued charges incurred by the Company in the first half of 2016 in relation to dormant policies, totalling €801 thousand; iii) provisions made in the first half of 2016 in relation to the *Partecipa* product, which calls for the return of initial premium loadings to policyholders chosen by lot, totalling €16,666 thousand; iv) the reversal of premiums collected in previous years, totalling €962 thousand; v) overheads of €644 thousand allocated to this item; and vi) the share of the profit passed on to policyholders under the terms of the relevant policies, totalling €401 thousand.

3. INCOME TAX EXPENSE

Income tax expense for the six months ended 30 June 2016, amounting to €112,834 thousand, includes €127,496 thousand for current IRES and IRAP expense and €14,662 thousand in net deferred tax income.

(€000)

	Six months ended 30 June 2016
Current taxation	**127,496.4**
- IRES	108,151.5
- IRAP	19,344.9
Deferred taxation:	**(14,662.2)**
- deferred tax liabilities arising during the period	122.7
- deferred tax liabilities used during the period	(11,163.2)
- deferred tax assets arising during the period	(7,179.9)
- deferred tax assets used during the period	3,558.2
Total	**112,834.2**

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)

	Amount	Tax rate
Profit before tax	**283,088.8**	
Income tax based on statutory tax rate (only IRES at 27.5%)	**77,849**	**27.5%**
Change in life technical provisions	28,967	10.2%
Non-deductible interest expense	197	0.1%
Non-deductible extraordinary expenses	245	0.1%
Tax free dividends	(110)	(0.0%)
Deduction of IRAP from IRES	(206)	(0.1%)
ACE (aid for economic growth) relief	(12,455)	(4.4%)
Other	1,085	0.4%
Corporate income tax (IRES)	**95,572**	**33.8%**
IRAP (regional business tax)	17,261.9	6.1%
Income tax expense for the period	**112,834.2**	**39.9%**

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 indicators extracted from the financial statements for the year ended 31 December 2015.
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.

Key indicators from Poste Italiane SpA's financial statements

POSTE ITALIANE SPA
STATEMENT OF FINANCIAL POSITION

ASSETS	At 31 December 2015	At 31 December 2014
Non-current assets	**50,255,119**	**46,208,447**
Current assets	**19,666,593**	**21,201,468**
Non-current assets held for sale	-	-
TOTAL ASSETS	**69,921,712**	**67,409,915**

LIABILITIES AND EQUITY	At 31 December 2015	At 31 December 2014
Equity		
Share capital	1,306,110	1,306,110
Reserves	3,826,038	2,933,893
Retained earnings	2,514,290	2,264,920
Total	**7,646,438**	**6,504,923**
Non-current liabilities	**9,902,497**	**8,016,804**
Current liabilities	**52,372,777**	**52,888,188**
TOTAL LIABILITIES AND EQUITY	**69,921,712**	**67,409,915**

Separate statement of profit or loss

POSTE ITALIANE SPA
STATEMENT OF PROFIT OR LOSS
for the year ended 31 December

	2015	2014
Revenue from sales and services	8,205,339	8,470,673
Other income from financial activities	432,729	388,971
Other operating income	398,603	306,753
Total revenue	**9,036,671**	**9,166,397**
Cost of goods and services	1,818,825	1,921,417
Other expenses from financial activities	2,659	5,766
Personnel expenses	5,895,396	5,971,907
Amortisation, depreciaton and impairments	484,513	578,505
Capitalised costs and expenses	(4,878)	(6,218)
Other operating costs	226,279	314,388
Operating profit/(loss)	**613,877**	**380,632**
Finance costs	76,378	178,625
Finance income	58,443	70,977
Profit before tax	**595,942**	**272,984**
Income tax expense	145,144	216,092
PROFIT FOR THE PERIOD	**450,798**	**56,892**

INFORMATION ON RELATED PARTY TRANSACTIONS

Transactions between the Parent Company, Poste Vita SpA, and its subsidiaries, Poste Assicura SpA and SDS Data Software 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, claims management, 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 2016		At 31 December 2015	
	Assets	Liabilities	Assets	Liabilities
Associate	149,091		105,225	
Other related parties	2,954,238	607,834	2,765,577	602,944

(€000)

Related party	Six months ended 30 June 2016		Six months ended 30 June 2015	
	Income	Costs	Income	Costs
Associate	161		425	
Other related parties	90,730	269,454	106,109	468,745

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;
- Term Life Insurance policies.

A service contract relating to the provision of Information Technology services by the Parent, Poste Italiane, is currently being finalised.

Furthermore, at 30 June 2016, subordinated loan notes, totalling €450 million and issued by the Company have been subscribed for by the parent, Poste Italiane SpA. The notes provide a market rate of return reflecting the creditworthiness of the Company.

At 30 June 2016, assets include the value of the investment in the associate, Europa Gestioni Immobiliare SpA (EGI), totalling €149,091 thousand, whilst revenue includes the Group's share of the associate's profit for the year, amounting to €161 thousand.

In addition to the relationship with the parent, the Company also maintains 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);
- the secondment of personnel and the provision of services to the subsidiary, Poste Assicura;
- 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);
- accident insurance for managers (MCC);
- Term Life Insurance policies (Postel, MCC, EGI, PosteCom, Poste Mobile, Poste Assicura, Poste Tributi, Bancoposta Fondi SGR and Mistral).

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

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 2016, the above definition encompasses investments held by Poste Vita in the following funds:

- BlackRock MultiAssets diversified distribution fund (Open-end)
- MFX - Global Multi - Asset Income Fund (Open-end)
- Advance Capital Energy Fund (Closed-end)
- Piano 400 Fund Deutsche Bank (Open-end)
- Tages Capital Platinum (Open-end)
- Tages Capital Growth (Open-end)
- Shopping Property Fund 2 Feeder SA SICAV-SIF (Closed-end)

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 funds. 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. In addition, during the fourth quarter of 2015, the Company invested in the "Shopping Property Fund 2", a property fund. This investment has a value of €54,499 thousand at the end of the reporting period. 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 Class 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:

(€000)

				At 30 June 2016		
ISIN	Name	Nature of entity	Activity of fund	% investment	NAV At	Amount
IE00BP9DPZ45	BLACKROCK DIVERSIFIED DISTRIBUTION FUND	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100%	30 June 2016	5,769,072
LU1193254122	MFX - GLOBAL FUND - ASSET GLOBAL FUND (PIMCO MULTI ASSET)	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100%	30 June 2016	4,112,351
IT0004597396	ADVANCE CAPITAL ENERGY FUND	Closed-end non-harmonised fund of funds	Investments in energy companies to achieve capital appreciation and realise relevant gains, after exit	86.21%	30 June 2016	20,812
IE00B1VWGP80	PIANO 400 FUND DEUTSCHE BANK	Open-end harmonised UCITS	Investment in a mix of asset classes, especially debt instruments of various sectors and countries	100%	17 June 2016	493,318
IT0004801996	TAGES CAPITAL PLATINUM	Non-harmonised fund of hedge funds	Pursuit of absolute returns, with low long-term volatility and correlation with the main financial markets	100%	29 April 2016	253,826
IT0004937691	TAGES PLATINUM GROWTH	Non-harmonised fund of hedge funds	Pursuit of absolute returns, with low long-term volatility and correlation with the main financial markets	100%	29 April 2016	189,285
LU1081427665	SHOPPING PROPERTY FUND 2	Closed-end harmonised fund	Invests in Shopping Property Fund 2: master fund which invests primarily in commercial properties and, marginally, in office buildings and alternative sectors. It does not invest in property debt	63.77%	31 March 2016	84,465

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)

			At 30 June 2016			
ISIN	**Name**	**Classification**	**Carrying amount**	**Maximum loss exposure***	**Difference between carrying amount and maximum loss**	**Method to determine maximum loss exposure**
IE00BP9DPZ45	BLACKROCK DIVERSIFIED DISTRIBUTION FUND	Financial assets FVPL	5,769,072	639,213	5,129,859	Analytical VaR 99.5% annualised
LU1193254122	MFX - GLOBAL FUND - ASSET GLOBAL FUND (PIMCO MULTI ASSET)	Financial assets FVPL	4,112,351	576,963	3,535,388	Analytical VaR 99.5% over 1-year
IT0004597396	ADVANCE CAPITAL ENERGY FUND	Available-for-sale financial assets	17,942	7,507	10,435	VaR 99.5% over a 1-year time horizon
IE00B1VWGP80	PIANO 400 FUND DEUTSCHE BANK	Available-for-sale financial assets	493,318	46,340	446,978	Change betw een market price at reporting date and guaranteed performance
IT0004801996	TAGES CAPITAL PLATINUM	Available-for-sale financial assets	253,826	55,162	198,664	VaR 99.5% over a 1-year time horizon
IT0004937691	TAGES PLATINUM GROWTH	Available-for-sale financial assets	189,285	34,268	155,017	VaR 99.5% over a 1-year time horizon
LU1081427665	SHOPPING PROPERTY FUND 2 Fe	Available-for-sale financial assets	54,499	20,982	33,517	Analytical VaR 99.5% annualised

*Maximum loss is estimated without considering the ability of liabilities to offset losses, thus representing 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.

IFRS 13

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 be used in determining fair value, when required or permitted by other IFRS, and establishing the related disclosures.

The purpose of IFRS 13 - Fair Value Measurement is thus to standardise the criteria for measuring fair value and the related disclosures, which are currently governed by various IAS/IFRS. The project forms part of a plan to bring about convergence between international accounting standards and US GAAP. In fact, FASB – the US standard setter - has at the same time amended its fair value guidance in ASC 820.

The new standard has neither added nor removed financial statement items requiring application of fair value measurement. However, the standard has amended the meaning of fair value, which is now defined as the price that would be received to sell an asset or paid to transfer a liability. In substance, this coincides with an exit price. As a result, the issue of inconsistency between amounts presented in the financial statements of entities measuring fair value as a seller and those identifying themselves as a buyer. The standard also defines the minimum disclosures required.

Events after 30 June 2016

On 25 July 2016, the deed governing the merger of SDS Nuova Sanità Srl with and into SDS System Data Software Srl, pursuant to art. 2505 of the Italian Civil Code, was signed and the merged entity renamed Poste Welfare Servizi Srl.

As described in the section, “Equity and solvency margin” in the Directors’ report on operations, with regard to the Parent Company’s borrowings, on 14 April 2016 the Company gave notice of its intention to repay a tranche of debt at maturity, amounting to €50 million. At the date of preparation of this report, the Company has effected repayment of the above tranche.

Rome, 28 September 2016

The Board of Directors

STATEMENT OF CHANGES IN EQUITY

(€000)

		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	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	2,022,536		161,334
	Total attributable to owners of the Parent	3,084,239	-	47,519	2,022,536	-	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

		Balance at 31 December 2015	Changes in closing balances	Increases/ Decreases	Adjutments due to reclassification to profit or loss	Transfers	Balance at 30 June 2016
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	1,493,619		347,928			1,841,547
	(Treasury shares)	-		-			-
	Profit/(Loss) for the period	347,927		- 177,673			170,255
	Other components of comprehensive income	218,809		23,078	- 2,328		239,559
	Total attributable to owners of the Parent	3,276,963		193,333	- 2,328	-	3,467,968
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	-	-	-		-	-
Totale		3,276,963	-	193,333	- 2,328	-	3,467,968

STATEMENT OF COMPREHENSIVE INCOME

(€000)

	Totale 30-06-2016	Totale 30-06-2015
CONSOLIDATED PROFIT/(LOSS)	**170,255**	**165,377**
Other components of comprehensive income that will not be reclassified to profit or loss, net of taxation	**- 235**	**52**
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	- 235	52
Other components	**-**	**-**
Other components of comprehensive income that may be reclassified to profit or loss, net of taxation	**20,986**	**- 62,746**
Change in reserve for currency translation differences	-	-
Gains or losses on available-for-sale financial assets	20,986	- 62,746
Gains or losses on cash flow hedges	-	-
Gains or losses on hedges of a net investment in foreign operations	-	-
Change in subsidiaries' equity	-	-
Income and expenses related to non-current assets or disposal groups held for sale	-	-
Other components	-	-
TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME	**20,751**	**- 62,694**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME	**191,005**	**102,684**
of which attributable to owners of the Parent	**191,005**	**102,684**
of which attributable to non-controlling interests	**-**	**-**

Details of other components of comprehensive income

(€000)

	Changes		Adjustments due to reclassification to profit or loss		Other changes		Total changes		Tax		Balance	
	Total 30-06-2016	Total 30-06-2015	Total 30-06-2016	Total 30-06-2015	Total 30-06-2016	Total 30-06-2015	Total 30-06-2016	Total 30-06-2015	Total 30-06-2016	Total 30-06-2015	Total 30-06-2016	Total 30-06-2015
Other components of comprehensive income that will not be reclassified to profit or loss	(235)	52		-		-	(235)	52	-	-	(289)	(54)
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	(235)	52	-	-	-	-	(235)	52	-	-	(289)	(54)
Other components	-	-	-	-	-	-	-	-	-	-	-	-
Other components of comprehensive income that may be reclassified to profit or loss	23,313	(17,910)	(2,328)	(44,836)	-	-	20,986	(62,746)	9,210	(32,517)	239,848	218,863
Reserve for currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-
Gains or losses on available-for-sale financial assets	23,313	(17,910)	(2,328)	(44,836)	-	-	20,986	(62,746)	9,210	(32,517)	239,848	218,863
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	-	-	-	-	-	-	-	-	-	-	-	-
Income and expenses related to non-current assets or disposal groups held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Other components	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME	**23,078**	**- 17,858**	**- 2,328**	**- 44,836**			**20,751**	**- 62,694**	**9,210**	**(32,517)**	**239,559**	**218,809**

CASH FLOW STATEMENT (indirect method)

for the six months ended 30 June

(€000)

	30/06/2016	30/06/2015
Profit/(Loss) for the period before tax	**283,089**	273,896
Changes in non-monetary items	**8,623,066**	**4,889,035**
Change in non-life premium reserve	3,994	785
Change in outstanding claims provisions and other non-life technical provisions	8,456	6,510
Change in outstanding claims provisions and other life technical provisions	9,063,438	4,763,742
Change in deferred acquisition costs	(1,478)	(1,991)
Change in provisions	0	0
Non-monetary income and expenses from financial instruments, investment property and investments	(457,459)	115,309
Other changes	6,115	4,680
Change in receivables and payables generated by operating activities	**(92,993)**	**(237,535)**
Change in receivables and payables deriving from direct insurance sales and reinsurance transactions	(14,171)	(190,182)
Change in other receivables and payables	(78,823)	(47,353)
Income tax paid	**(182,775)**	**(195,899)**
Net cash generated by (used for) monetary items related to investing and financing activities	**(2,969,516)**	**(3,799,465)**
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	(2,969,516)	(3,799,465)
TOTAL NET CASH GENERATED BY OPERATING ACTIVITIES	**5,660,872**	**930,032**
Net cash generated by (used for) investment property	0	0
Net cash generated by (used for) investments in subsidiaries, associates and joint ventures	(151)	(762)
Net cash generated by (used for) loans and receivables	52,729	565,320
Net cash generated by (used for) investments held to maturity	0	0
Net cash generated by (used for) available-for-sale financial assets	(6,543,294)	(628,397)
Net cash generated by (used for) tangible and intangible assets	(5,099)	(8,120)
Other net cash generated by (used for) investing activities	0	0
TOTAL NET CASH GENERATED BY (USED FOR) INVESTING ACTIVITIES	**(6,495,815)**	**(71,959)**
	0	0
Net cash generated by (used for) equity instruments attributable to owners of the Parent	-91,833	-271,212
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	(10,312)	(100,368)
Net cash generated by (used for) sundry financial liabilities	0	0
TOTAL NET CASH GENERATED BY (USED FOR) FINANCING ACTIVITIES	**-102,145**	**-371,581**
Effect of exchange rate differences on cash and cash equivalents	0	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,608,061	655,919
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(937,089)**	**486,492**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	670,973	1,142,412

Financial statement by operating segment

(000)

		Non Life Business		Life Business		Intersegment eliminations		Total	
		30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015
1	**INTANGIBLE ASSETS**	12,380	12,421	30,196	29,944	- 139	-	42,438	42,167
2	**TANGIBLE ASSETS**	271	725	6,206	6,939		-	6,477	7,664
3	**TECHNICAL PROVISIONS CEDED TO REINSURERS**	30,797	*27,742*	33,796	*29,653*		-	64,592	57,396
4	**INVESTMENTS**	156,030	142,996	112,243,682	102,339,025	(28,175)	(28,175)	112,371,536	102,453,845
4.1	Investment property	-	-	-	-		-	-	-
4.2	Investments in subsidiaries, associates ad joint ventures	-	-	133,551	133,400	(28,175)	(28,175)	105,376	105,225
4.3	Investments held to maturity	-	-	-	-		-	-	-
4.4	Loans and receivables	-	-	48,670	101,399		-	48,670	101,399
4.5	Available-for-sale financial assets	156,030	142,996	90,716,025	83,728,306		-	90,872,055	83,871,302
4.6	Financial assets at fair value through profit or loss	-	-	21,345,435	18,375,920		-	21,345,435	18,375,920
5	**SUNDRY RECEIVABLES**	10,968	*5,448*	162,780	*78,306*	(4,208)	(1,792)	169,540	81,963
6	**OTHER ASSETS**	13,776	13,776	1,807,970	1,447,257		-	1,821,988	1,461,033
6.1	Deferred acquisition costs	1,098	1,910	56,874	54,585		-	57,972	56,494
6.2	Other assets	12,919	11,866	1,751,096	1,392,672		-	1,764,015	1,404,538
7	**CASH AND CASH EQUIVALENTS**	33,282	16,887	637,691	1,591,175		-	670,973	1,608,061
	TOTAL ASSETS	257,745	219,994	114,922,321	105,522,299	(32,522)	(30,165)	115,147,544	105,712,128
1	**EQUITY**							-	3,276,963
2	**PROVISIONS**	-	-	11,187	11,187		-	11,187	11,187
3	**TECHNICAL PROVISIONS**	127,824	112,319	109,269,499	100,201,919		-	109,397,323	100,314,238
4	**FINANCIAL LIABILITIES**	-	-	1,201,578	1,211,890		-	1,201,578	1,211,890
4.1	Financial liabilities at fair value through profit or loss	-	-	-	-		-	-	-
4.2	Other financial liabilities			1,201,578	1,211,890		-	1,201,578	1,211,890
5	**PAYABLES**	33,229	17,984	217,822	190,640	(4,208)	(1,792)	246,843	206,832
6	**OTHER LIABILITIES**	10,837	9,984	811,808	681,034		-	822,645	691,018
	TOTAL EQUITY AND LIABILITIES							115,147,544	105,712,128

Income statement by operating segment

(000)

		Non Life Business		Life Business		Intersegment eliminations		Total	
		30/06/2016	**30/06/2015**	**30/06/2016**	**30/06/2015**	**30/06/2016**	**30/06/2015**	**30/06/2016**	**30/06/2015**
1.1	Net premium revenue	38,488	34,151	10,512,956	9,442,489		-	10,551,444	9,476,639
1.1.1	*Gross premium revenue*	51,877	47,341	10,521,654	9,449,058	(0)	-	10,573,531	9,496,399
1.1.2	*Outward reinsurance premiums*	(13,389)	(13,190)	(8,698)	(6,570)		0	- 22,087	- 19,759
1.2	Fee and commission income	-	-	2,109	-		-	2,109	-
1.3	Net income (expenses) from financial assets at fair value through profit or loss	-	-	701,926	142,597		-	701,926	142,597
1.4	Income from investments in subsidiaries, associates and joint ventures	-	-	160	758		-	160	758
1.5	Income from other financial instruments and investment property	1,723	1,866	1,330,517	1,396,961		-	1,332,240	1,398,828
1.6	Other income	5,334	274	1,818	1,268	(2,042)	(1,313)	5,109	229
1	**TOTAL REVENUE**	**45,545**	**36,291**	**12,549,487**	**10,984,074**	**(2,043)**	**(1,313)**	**12,592,989**	**11,019,051**
2.1	Net claims expenses	(15,785)	(13,516)	(11,935,118)	(10,375,549)		0	(11,950,903)	(10,389,065)
2.1.1	*Claims paid and change in technical provisions*	(19,615)	(18,388)	(11,942,786)	(10,381,597)		0	(11,962,400)	(10,399,984)
2.1.2	*Share attributable to reinsurers*	3,830	4,872	7,667	6,048		0	11,497	10,920
2.2	Commission expenses	-	-	-	-		-	0	0
2.3	Expenses arising from investments in subsidiaries, associates and joint ventures	-	-	-	-		-	0	0
2.4	Expenses arising from other financial instruments and investment property	(2)	(101)	(22,581)	(62,080)		0	(22,583)	(62,181)
2.5	Operating costs	(20,663)	(13,499)	(280,575)	(249,763)	2,102	0	(299,136)	(261,949)
2.6	Other costs	(1,570)	(2,395)	(35,709)	(29,565)		0	(37,278)	(31,960)
2	**TOTAL COSTS AND EXPENSES**	**(38,019)**	**(29,511)**	**(12,273,983)**	**(10,716,957)**	**2,102**	**1,313**	**(12,309,900)**	**(10,745,155)**
	PROFIT/(LOSS) BEFORE TAX	**7,526**	**6,780**	**275,504**	**267,116**	**59**	**-**	**283,089**	**273,896**

Scope of consolidation

Name	Country of registration	Country of operation	Method (1)	Business (2)	% direct interest	Total % interest (3)	% ordinary voting rights (4)	% consolidation
Poste Assicura SPA	086	086	G	1	100	100	100	100
SDS S.r.l	086	086	G		100	100	100	100
Nuova Sanità S.r.l.	086	086	G		0	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=non-EU ins.; 4=insurance holding; 4.1= mixed holding company; 5= UE reinsurance; 6=non-EU reins.; 7=bank; 8=asset
(3) This is the sum of the equity interests related to all the companies along the ownership chain standing between the reporting entity and the company in
(4) Total percentage of the available voting rights, if different from the equity interest held.

Details of non-consolidated investments

(€000)

Name	Country of registration	Country of operation	Business (1)	Type (2)	% direct interest	Total % interest (3)	% ordinary voting rights (4)	Carrying amount
EGI SPA	086	086	10	b	45	45	45	105,376

(1) 1=Italian ins.; 2= EU ins.; 3=non-EU ins.; 4=insurance holding; 4.1= mixed holding company; 5= UE reinsurance; 6=non-EU reins.; 7=bank; 8=asset man. co.; 9=other
(2) a=subsidiaries (IFRS 10) ; b=associates (IAS 28); c=*joint ventures* (IFRS 11); indicate companies classified as held for sale, in compliance with IFRS 5, with an asterisk (*)
(3) This is the sum of the equity interests related to all the companies along the ownership chain standing between the reporting entity and the company in question. If a number
(4) Total percentage of the available voting rights, if different from the equity interest held.

Details of tangible and intangible assets

(€000)

	Cost	Remeasured amount or fair value	Total carrying amount
Investment property	-	-	-
Other properties	-	-	-
Other tangible assets	6,477	-	6,477
Other intangible assets	24,615	-	24,615

Details of technical provisions attributable to reinsurers

(€000)

	Direct business		Indirect business		Total carrying amount	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Non-life provisions	***30,797***	***27,742***	**-**	**-**	***30,797***	***27,742***
Premium reserve	7,340	5,892	-	-	7,340	5,892
Outstanding claims provisions	23,456	21,850	-	-	23,456	21,850
Other provisions	-	-	**-**	**-**	-	-
Life provisions	***33,796***	***29,653***	**-**	**-**	***33,796***	***29,653***
Outstanding claims provisions	6,755	5,494	-	-	6,755	5,494
Mathematical provisions	27,041	24,159		-	27,041	24,159
Other provisions	-	-	-	-		-
Altre riserve	-	-	-	-	-	-
Totale riserve tecniche a carico dei riassicuratori	***64,592***	***57,396***	**-**	**-**	***64,592***	***57,396***

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				Total carrying amount	
							Held-for-trading financial assets		Financial assets designated at fair value through profit or loss			
	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Equity instruments and derivatives recognised at cost	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments at fair value	-	-	-	-	17,453	8,458	-	-	-	-	17,453	8,458
of which listed	-	-	-	-	17,453	8,458	-	-	-	-	17,453	8,458
Debt securities	-	-	-	-	88,842,546	82,246,733	-	-	10,447,336	8,904,373	99,289,883	91,151,106
of which listed	-	-	-	-	88,768,871	82,176,826	-	-	10,447,336	8,902,114	99,216,208	91,078,940
UCITS units	-	-	-	-	2,012,055	1,616,111	-	-	10,776,570	9,227,305	12,788,626	10,843,416
Loans and receivables due from banks	-	-	-	-	-	-	-	-	-	-	-	-
Interbank loans and receivables	-	-	-	36,217	-	-	-	-	-	-	-	36,217
Deposits with ceding entities	-	-	-	-	-	-	-	-	-	-	-	-
Assets of investment components of insurance contrac	-	-	-	-	-	-	-	-	-	-	-	-
Other loans and receivables	-	-	48,670	65,182	-	-	-	-	-	-	48,670	65,182
Non-hedging derivatives	-	-	-	-	-	-	-	-	121,529	244,242	121,529	244,242
Hedging derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Other financial investments	-	-	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**48,670**	**101,399**	**90,872,055**	**83,871,302**	**-**	**-**	**21,345,435**	**18,375,920**	**112,266,160**	**102,348,620**

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)

	Benefits linked to investment funds and market indices		Benefits linked to pension fund management		Total	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015
On-balance-sheet assets	7,357,527	7,304,220	-	-	7,357,527	7,304,220
Intercompany assets *	-	-	-	-	-	-
Total assets	**7,357,527**	**7,304,220**	**-**	**-**	**7,357,527**	**7,304,220**
On-balance-sheet financial liabilities	-	-	-	-	-	-
On-balance-sheet technical provisio	7,303,238	7,218,467	-	-	7,303,238	7,218,467
Intercompany liabilities *	-	-	-	-	-	-
Total liabilities	**7,303,238**	**7,218,467**	**-**	**-**	**7,303,238**	**7,218,467**

* Assets and liabilities eliminated during the consolidation process

Details of technical provisions

(000)

	Direct business		Indirect business		Total carrying amount	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Non-life provisions	***127,824***	***112,319***	**-**	**-**	***127,824***	***112,319***
Premium reserve	49,187	43,745	-	-	49,187	43,745
Outstanding claims provisions	78,518	68,292	-	-	78,518	68,292
Other provisions	118	281	-	-	118	281
of which provisions made after a test of adequacy of liabilities		-		-	-	-
Life provisions	***109,269,499***	***100,201,919***	**-**	**-**		***100,201,919***
Outstanding claims provisions	585,223	1,178,840	-	-	585,223	1,178,840
Mathematical provisions	89,474,372	82,012,783	-	-	89,474,372	82,012,783
Technical provisions where the risk is borne by policyholders and provisions deriving from the management of pension funds	7,303,238	7,218,467	-	-	7,303,238	7,218,467
Other provisions	11,906,666	9,791,830	-	-	11,906,666	9,791,830
of which provisions made after a test of adequacy of liabilities	-	-	-	-	-	-
of which deferred policyholder liabilities	*11,824,297*	*9,711,792*	-	-	11,824,297	9,711,792
Total technical provisions	***109,397,323***	***100,314,238***	**-**	**-**	***109,397,323***	***100,314,238***

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					
	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Equity-like instruments	-	-	-	-		-	-	-
Subordinated liabilities	-	-	-	-	1,201,578	1,211,890	1,201,578	1,211,890
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	**-**	**-**	**-**	**-**	**1,201,578**	**1,211,890**	**1,201,578**	**1,211,890**

Details of underwriting business

(€000)

		30/06/2016			30/06/2015		
		Gross amount	portion attributable to reinsurers	Net amount	Gross amount	portion attributable to reinsurers	Net amount
Non-life business							
NET PREMIUM REVENUE		51,877	13,389	38,488	47,341	13,190	34,151
a	Premium revenue	57,319	14,395	42,923	47,763	12,391	35,372
b	Change in premium reserve	5,442	1,007	4,435	422	(798)	1,221
NET CLAIMS EXPENSES		19,615	3,830	15,785	18,388	4,872	13,516
a	Claims paid	9,552	2,706	6,846	10,054	3,048	7,006
b	Change in outstanding claims provisions	10,226	1,123	9,103	8,425	1,824	6,602
c	Change in recoveries	0	0	0	0	0	0
d	Change in other technical provisions	(163)	0	(163)	(92)	0	(92)
Life business							
NET PREMIUM REVENUE		10,521,654	8,698	10,512,956	9,449,058	6,570	9,442,489
NET CLAIMS EXPENSES		11,942,786	7,667	11,935,118	10,381,597	6,048	10,375,549
a	Claims paid	4,283,657	3,525	4,280,132	3,757,494	2,138	3,755,356
b	Change in outstanding claims provisions	(593,616)	1,261	(594,877)	(5,715)	706	(6,422)
c	Change in mathematical provisions	7,467,475	2,881	7,464,594	7,143,167	3,204	7,139,963
d	Change in technical provisions where the	84,771	0	84,771	(391,571)	0	(391,571)
e	Change in other technical provisions	700,499	0	700,499	(121,778)	0	(121,778)

Financial and investment income and expenses

(€000)

	Interest	Other income	Other expenses	Realised gains	Realised losses	Net realised gains/(losses)	Unrealised gains		Unrealised losses		Net unrealised gains/(losses)	Total income (expenses), net 30/06/2016	Total income (expenses), net 30/06/2015
							Unrealised gains	Write-backs	Unrealised losses	Impairments			
Investment income and expenses	**1,292,764**	**87,444**	**- 2,912**	**203,392**	**- 7,897**	**1,572,791**	**720,836**	**-**	**- 263,217**	**-**	**457,619**	**2,030,411**	**1,499,566**
a From investment property	-	-	-	-	-	-	-	-	-	-	-	-	-
b From investments in subsidiaries, associates and joint ventures	-	-	-	-	-	-	160	-	-	-	160	160	758
c From investments held to maturity	-	-	-	-	-	-	-	-	-	-	-	-	-
d From loans and receivables	-	-	-	-	-	-	-	-	-	-	-	-	1,611
e From available-for-sale financial assets	1,121,257	10,508	- 803	200,475	- 3,113	1,328,324	-	-	-	-	-	1,328,324	1,354,599
f From held-for-trading financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-
g From financial assets at fair value through profit or loss	171,507	76,936	- 2,109	2,917	- 4,784	244,467	720,676	-	(263,217)	-	457,459	701,926	142,597
Income and expenses from sundry receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Income from cash and cash equivalents	- 0	-	-	-	-	- 0	-	-	-	-	-	- 0	342
Income and expenses from financial liabilities	**(18,667)**	**-**	**-**	**-**	**-**	**(18,667)**	**-**	**-**	**-**	**-**	**-**	**(18,667)**	**- 19,906**
a From held-for-trading financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
b From financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-
c From other financial liabilities	(18,667)	-	-	-	-	(18,667)	-	-	-	-	-	(18,667)	- 19,906
Income and expenses from payables	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,274,097	87,444	- 2,912	203,392	- 7,897	1,554,124	720,836	-	- 263,217	-	457,619	2,011,743	1,480,002

Details of underwriting expenses

(€000)

		Non-life business		Life business	
		30/06/2016	30/06/2015	30/06/2016	30/06/2015
Gross commissions and other acquisition costs		(14,220)	(11,540)	(236,638)	(212,498)
a	Acquisition commissions	(9,160)	(8,978)	(218,104)	(202,673)
b	Other acquisition costs	(4,248)	- 2,055	(20,501)	(12,219)
c	Change in deferred acquisition costs	(812)	(507)	2,290	2,498
d	Collection fees	-	-	(324)	(105)
Commissions and share of profits received from reinsurers		5,626	4,717	1,075	976
Other investment management expenses		(281)	(312)	(19,866)	(17,762)
Other administrative expenses		(11,788)	(6,364)	(25,145)	(20,480)
Total		**- 20,663**	**- 13,499**	**- 280,575**	**- 249,763**

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	**361,791**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Purchases/Issues	303,962	-	-	-	-	-	-	-
Sales/Repurchases	(16,562)	-	0	-	-	-	-	-
Redemptions	-	-	-	-	-	-	-	-
Gains or losses through profit or loss	0	-	-	-	-	-	-	-
- of which unrealised gains/losses		-		-		-	-	-
Gains or losses through other components of comprehensive income	11,755	-	-	-		-	-	-
Transfers to level 3	-	-	-	-	-	-	-	-
Transfers to other levels	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-
Closing balance	**660,947**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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 2016	at 31 December 2015	at 30 June 2016	at 31 December 2015	at 30 June 2016	at 31 December 2015	at 30 June 2016	at 31 December 2015	at 30 June 2016	at 31 December 2015
Assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Investments held to maturity					-	-	-	-	-	-
Loans and receivables	48,670	101,399	-	-	-	-	48,670	101,399	48,670	101,399
Investments in subsidiaries, associates and joint ventures	105,376	105,225	-	-	-	-	105,376	105,225	105,376	105,225
Investment property	-	-	-	-	-	-	-	-	-	-
Tangible assets	6,477	7,664	-	-	-	-	6,477	7,664	6,477	7,664
Total assets	160,523	214,288	-	-	-	-	154,046	214,288	154,046	214,288
Liabilities	-	-	-	-	-		-	-	-	-
Other financial liabilities	1,201,578	1,211,890	-	-	-	-	1,201,578	1,211,890	1,201,578	1,211,890