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2015

Consolidated Annual Report

Gruppo **Posteitaliane**

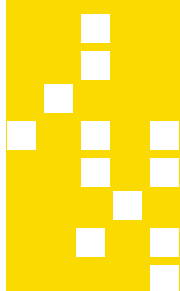
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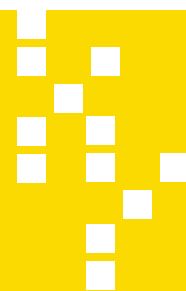
2015

Consolidated Annual Report



General Index





■ Directors' Report on Operations
■ at 31 december 2015



■ Consolidated Financial Statements
■

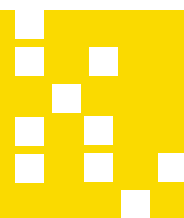
■ Notes
■

■ Annexes
■

8
58
70
116

Contents

Corporate officers	6
Group structure	7
 DIRECTORS' REPORT ON OPERATIONS AT 31 DECEMBER 2015	8
1 Executive Summary	10
2 Economic and market environment	17
3 Operating review	25
4 Financial position	32
5 Organisation of the Poste Vita Group	46
6 Relations with the parent and other Poste Italiane Group Companies	50
7 Other information	51
8 Events after 31 December 2015	55
9 Outlook	56
 CONSOLIDATED FINANCIAL STATEMENTS	58
Statement of financial position	60
Income statement	62
Statement of comprehensive income	63
Details of other components of comprehensive income	64
Statement of changes in equity	66
Cash flow statement (indirect method)	68



■	NOTES	70
1	Part A – Basis of preparation and accounting policies	72
2	Part B – Scope of consolidation	90
3	Part C – Notes to the consolidated statement of financial position	91
4	Part D – Notes to the consolidated income statement	106
5	Part E – Other information	113
6	Part F – Information on related party transactions	114
■	ANNEXES	116
	Statement of financial position by operating segment	118
	Income statement by operating segment	120
	Scope of consolidation	122
	Details of non-consolidated investments	122
	Details of tangible and intangible assets	122
	Details of technical provisions attributable to reinsurers	123
	Details of financial assets	124
	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	124
	Details of technical provisions	126
	Details of financial liabilities	127
	Details of underwriting business	128
	Financial and investment income and expenses	130
	Details of underwriting expenses	132
	Assets and liabilities recognised at fair value on a recurring and non-recurring basis: breakdown by fair value level	134
	Details of changes in level 3 assets and liabilities recognised at fair value on a recurring basis	136
	Assets and liabilities not recognised at fair value: breakdown by fair value level	138
	Interests in non-consolidated structured entities	138

Corporate officers



BOARD OF DIRECTORS⁽¹⁾

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

BOARD OF STATUTORY AUDITORS⁽¹⁾

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

INDEPENDENT AUDITORS⁽²⁾

BDO SpA.

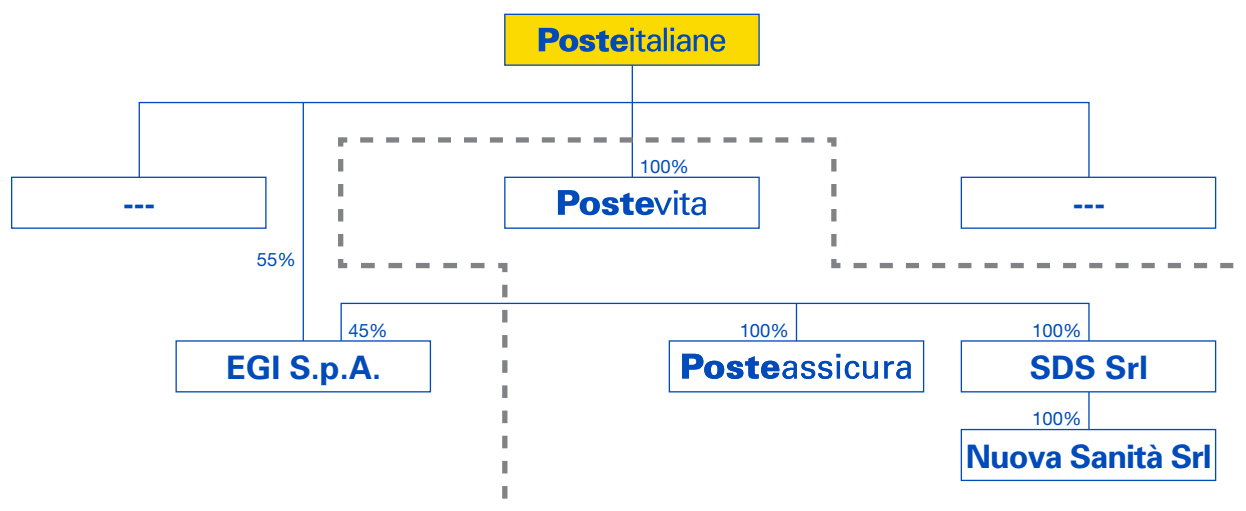
(1) The Board of Directors and the Board of Statutory Auditors were appointed by the shareholders at the General Meeting held on 4 August 2014 and will serve for three-year terms of office, until approval of the financial statements for 2016. The Board of Directors appointed the Chief Executive Officer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

(2) Appointment approved by the shareholders at the General Meeting of 29 April 2014.

Group structure



The Insurance Group's current structure and its scope of consolidation are briefly described below.



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

The scope of consolidation includes 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.

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.



Directors' Report on Operations

at 31 december 2015



Executive Summary

In 2015, the Poste Vita Insurance Group proceeded to pursue the following strategic and business priorities, in continuity with the approach followed in 2014:

- to strengthen our leadership in the life market and consolidate our position with regard to other players;
- to take advantage of new customer needs in the areas of welfare, health, assistance and employee and retirement income protection, promoting the development of a new model of insurance (life and non-life) covering the full range of protection, savings, investment and pension needs.

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

RECLASSIFIED INCOME STATEMENT (€ m)	At 31 December 2015			At 31 December 2014		
	Non-life business	Life business	Total	Non-life business	Life business	Total
Net premium revenue	67.1	18,130.6	18,197.8	56.6	15,416.6	15,473.2
<i>Gross premium revenue</i>	93.3	18,145.4	18,238.7	80.6	15,428.7	15,509.3
<i>Outward reinsurance premiums</i>	(26.2)	(14.8)	(41.0)	(24.0)	(12.1)	(36.1)
Fee and commission income		3.3	3.3			0.0
Net financial income from assets related to traditional products	3.6	2,348.0	2,351.6	4.1	2,774.6	2,778.7
<i>Income</i>	3.2	2,276.2	2,279.4	3.3	2,280.8	2,284.0
<i>Realised gains and losses</i>	0.4	506.8	507.2	0.8	369.5	370.3
<i>Unrealised gains and losses</i>		(435.0)	(435.0)		124.4	124.4
Net financial income from assets related to index- and unit-linked products		189.7	189.7		539.0	539.0
Net change in technical provisions	(29.3)	(19,665.6)	(19,694.9)	(24.1)	(17,869.3)	(17,893.4)
<i>Claims paid</i>	(19.1)	(7,326.5)	(7,345.6)	(16.3)	(5,284.7)	(5,301.1)
<i>Change in technical provisions</i>	(22.8)	(12,341.5)	(12,364.3)	(19.3)	(12,595.4)	(12,614.7)
<i>Share attributable to reinsurers</i>	12.6	2.4	15.0	11.5	10.8	22.3
Investment management expenses	(0.6)	(37.1)	(37.7)	(0.5)	(32.3)	(32.8)
Acquisition and administration costs	(24.5)	(477.6)	(502.1)	(21.9)	(404.0)	(425.9)
<i>Net commissions and other acquisition costs</i>	(10.3)	(435.9)	(446.2)	(10.4)	(368.2)	(378.6)
<i>Operating costs</i>	(14.2)	(41.7)	(55.9)	(11.5)	(35.8)	(47.4)
Other revenues/(costs), net	0.2	(17.2)	(17.0)	(2.4)	(15.6)	(17.9)
EBITDA	16.5	474.2	490.7	11.8	409.0	420.8
Net financial income attributable to free capital		112.2	112.2		151.0	151.0
Interest expense on subordinated loans		(38.9)	(38.9)		(31.8)	(31.8)
PROFIT BEFORE TAX	16.5	547.5	564.0	11.8	528.3	540.1
Income tax expense	(5.4)	(210.7)	(216.0)	(2.9)	(212.4)	(215.3)
PROFIT FOR THE PERIOD	11.1	336.8	347.9	8.9	315.9	324.8

In the **life** business, thanks partly to a constant focus on products, the stepping up support for the distribution network and growing customer loyalty, marketing efforts concentrated almost exclusively on the offer of Class I and V investment and savings products (traditional separately managed accounts) with **inflows** of around €18.0 billion (€12.7 billion in 2014), with

a marginal contribution made by the sale of Class III products. Total net premium revenue amounts to approximately €18.1 billion (€15.4 billion in 2014). However, in a market where products with a significant investment component are proving the most popular, the Group diversified its offering with the introduction of a new “multi-line” product, sales of which are still marginal, but which is expected to make a growing contribution to overall inflows in the future.

Sales of regular premium products (*Multiutile Ricorrente*, *Long-Term Care*, *Posta Futuro Da Grande*) also performed well, with over 166 thousand policies sold during the period, as did sales of the *PostaPrevidenzaValore* product which, with over 80 thousand policies sold during the period and the total number of members approaching 785 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 (therefore, not bundled with investment products), with over 31.5 thousand new policies sold during 2015, whilst around 92.8 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 net premium revenue of €93.3 million up around €12.7 million (15.8%) on the figure for 2014. In 2015, the Group focused on the development of specific marketing and commercial initiatives aimed at product offering increasingly based on a modular approach, capable of meeting the different needs of a very large customer base. In this context, the Company has created new property, asset protection and personal protection products for the retail segment (*Posteprotezione Innova Infortuni*, *Posteprotezione Innova Casa*, *Posteprotezione Innova Salute*). Over the period, the Company also took steps to revamp products, above all its CPI range. Further changes were made to the *PP Albo New* professional liability product, where the specific claim limit has been raised in order to permit issue of the certificates of compliance required by Law Decree 165 of 2014. In the corporate segment, during the first half of 2015 the Company held talks with a number of utilities with a view to offering a home care insurance package to their electricity and/or gas customers. From 1 July 2015, Poste Assicura has entered into a collective contract with a utility to offer home care insurance to its customers.

In terms of **investments**, during the period, against a backdrop marked by falling interest rates and lower yields on government securities, the Company continued to pursue a strategy for separately managed accounts designed to increasingly match investments to insurance obligations and, at the same time, run a portfolio that can provide stable returns.

With ongoing economic uncertainty in Italy and in Europe, investment policy was marked by prudence, with the portfolio continuing to be invested primarily in Italian government securities and highly-rated corporate bonds, resulting in a total exposure which, whilst down compared with 2014, represents over 88 % of the entire portfolio. In addition, during 2015, whilst maintaining a moderate risk appetite, the Company continued with the gradual process of diversifying investments, begun in the second half of 2014, by at the same time increasing its investments in equity instruments (from 4.4% to 10.6%), above all in multi-asset, harmonised open-end funds of the UCITS (Undertakings for Collective Investment in Transferable Securities). In line with the strategic asset allocation policy, the Parent Company, Poste Vita, began investing in funds that invest in the real estate sector (those targeting retail and office properties) in Europe and Italy. 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 2015 were 4.65% for *PostaPrevidenza* accounts and 3.61% for *PostaValorePiù* accounts.

With regard to **organisational aspects**, during 2015 the Company continued to expand and develop the quality of its management and workforce, in step with its growing size and the increase in business. This was accompanied by the continuation of a large number of projects in pursuit of growth and designed to achieve continuing functional/infrastructural improvements in key business support systems. In particular, work continued on ensuring compliance with the Solvency II regulations, including adaptation of the Company's governance model and organisational and operating structure, with a view to strengthening decision-making processes and optimising risk management procedures, in order to increase and safeguard value creation. In this regard, on 3 June and 15 July, the initial regulatory reports for the reporting date of 31 December 2014, required under interim measures, were filed with IVASS (the insurance industry regulator) within the established deadline. Whilst, on 25 November 2015 and 7 January 2016, the latest regulatory reports for the third quarter of 2015, required under interim measures, were filed with IVASS. In addition, work continued on the planning activities aimed at creating and implementing a more up-to-date integrated administrative and accounting system. This will enable more efficient and automated management of data production processes and all the documentation connected with mandatory requirements, at the same guaranteeing the completeness, accuracy and quality of data. Once again, in 2015, the impact of **administrative costs** continued to be far lower than the market average (0.3% of earned premiums and 0.1% of provisions).

As a result of the above operating and financial performance, technical provisions for the direct Italian portfolio amount to €100.3 billion (€87.2 billion at the end of 2014), including €83.3 billion for Class I, IV and V products (€69.2 billion at the end of 2014). Provisions for products where the investment risk is borne by policyholders amount to €7.2 billion (€8.5 billion at 31 December 2014). Deferred Policyholder Liability (DPL) provisions, linked to the change in the fair value of the financial instruments covering the provisions, remained at €9.7 billion, which is broadly in line with the figure at the beginning of the year (€9.4 billion) despite increased market volatility. Technical provisions for the non-life business, before the portion ceded to reinsurers, amount to €0.1 billion at the end of the year, up 25% compared with 2014.

At 31 December 2015, **the Group's equity** amounts to **€3,277.0 million**, up €192.7 million compared with the beginning of the year due to: i) profit for the period, totalling €347.9 million; ii) the change in the valuation reserve for available-for-sale financial assets included in free capital (down €5.3 million) and iii) the payment of dividends of €150,000 thousand to the shareholder, Poste Italiane, as approved by the General Meetings of 27 April 2015 and 16 December 2015.

As a result of the above changes in equity, the **Group's Solvency I ratio**, calculated on the basis of the consolidated financial statements, is 1.16% at 31 December 2015 (1.26% at 31 December 2014).

The above operating and financial performance has resulted in **EBITDA** of €490.7 million for 2015, up approximately €70 million on the figure for 2014. **Profit before tax** for the period is €564.0 million (€540.1 million for 2014), after benefitting from non-recurring income of approximately €74 million generated by the management of the Parent Company's free capital, compared with €90 million in 2014. **After-tax profit for the period** amounts to €347.9 million, compared with €324.8 million for 2014.

LIFE BUSINESS

RECLASSIFIED INCOME STATEMENT (€ m)	Life business		
	At 31 December 2015	At 31 December 2014	Increase/(decrease)
Net premium revenue	18,130.6	15,416.6	2,714.1
<i>Gross premium revenue</i>	18,145.4	15,428.7	2,716.7
<i>Outward reinsurance premiums</i>	(14.8)	(12.1)	(2.7)
Fee and commission income	3.3	0.0	0.0
Net financial income from assets related to traditional products	2,348.0	2,774.6	(426.6)
<i>Income</i>	2,276.2	2,280.8	(4.5)
<i>Realised gains and losses</i>	506.8	369.5	137.4
<i>Unrealised gains and losses</i>	(435.0)	124.4	(559.4)
Net financial income from assets related to index- and unit-linked products	189.7	539.0	(349.3)
Net change in technical provisions	(19,665.6)	(17,869.3)	(1,796.3)
<i>Claims paid</i>	(7,326.5)	(5,284.7)	(2,041.7)
<i>Change in technical provisions</i>	(12,341.5)	(12,595.4)	253.9
<i>Share attributable to reinsurers</i>	2.4	10.8	(8.4)
Investment management expenses	(37.1)	(32.3)	(4.8)
Acquisition and administration costs	(477.6)	(404.0)	(73.6)
<i>Net commissions and other acquisition costs</i>	(435.9)	(368.2)	(67.7)
<i>Operating costs</i>	(41.7)	(35.8)	(5.9)
Other revenues/(costs), net	(17.2)	(15.6)	(1.6)
EBITDA	474.2	409.0	65.2

With regard to operations and portfolio performance, in 2015 **net premium revenue**, net of outward reinsurance premiums, amounted to **€18,130.6 million**, up 18% on the €15,416.6 million of 2014.

Net financial income from securities related to traditional products totals €2,348.0 million, down from the €2,774.6 million of 2014 and primarily due to financial market trends, which resulted in net unrealised losses for the period of €435.0 million, compared with net gains of €124.4 million in 2014. However, given that these investments are included in the separately managed accounts covering the matching insurance liabilities, this amount has been attributed in full to policyholders under the shadow accounting method. In contrast, despite a market scenario marked by falling yields on government securities, ordinary income, thanks to growth in assets under management, amounts to €2,783.1 million, up €132.8 million on the figure for 2014.

Financial market trends, together with the reduction in volumes due to the expiration of a number of Class III products reaching maturity, are also reflected in investments linked to index- and unit-linked products, which generated total finance income of €189.7 million in 2015, down on the €539.0 million of 2014. This amount is, in any event, 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 positive financial performance, the matching **change in technical provisions**, after the portion ceded to reinsurers, amounts to €19,665.6 million, compared with €17,869.3 million in the previous year.

Claims paid to customers, inclusive of policy expirations of approximately €3.8 billion amount to approximately €7,326.5 million (€5,284.7 billion in 2014). Total surrenders accounted for 3.3% of initial provisions (3.7% for 2014), a figure that continues to be far lower than the industry average.

In the light of the above performance, the life business recorded **EBITDA** for the period of **€474.2 million** in 2015, up 16% on the figure for 2014.

NON-LIFE BUSINESS

RECLASSIFIED INCOME STATEMENT (€ m)	Non-life business			
	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Net premium revenue	67.1	56.6	10.5	19%
<i>Gross premium revenue</i>	93.3	80.6	12.7	16%
<i>Outward reinsurance premiums</i>	(26.2)	(24.0)	(2.2)	9%
Fee and commission income	0.0	0.0		
Net financial income from assets related to traditional products	3.6	4.1	(0.5)	-13%
Net financial income from assets related to index- and unit-linked products	0.0	0.0		
Net change in technical provisions	(29.3)	(24.1)	(5.2)	21%
<i>Claims paid</i>	(19.1)	(16.3)	(2.8)	17%
<i>Change in technical provisions</i>	(22.8)	(19.3)	(3.5)	18%
<i>Share attributable to reinsurers</i>	12.6	11.5	1.1	10%
Investment management expenses	(0.6)	(0.5)	(0.1)	29%
Acquisition and administration costs	(24.5)	(21.9)	(2.6)	12%
<i>Net commissions and other acquisition costs</i>	(10.3)	(10.4)	0.1	-1%
<i>Operating costs</i>	(14.2)	(11.5)	(2.7)	23%
Other revenues/(costs), net	0.2	(2.4)	2.6	-110%
EBITDA	16.5	11.8	4.7	40%

Gross premium revenue in the non-life business, generated by policies sold in the year under review, totals approximately €93.3 million (up 16% on 2014). On an accruals basis, after outward reinsurance premiums, **net premium revenue** amounts to approximately €67.1 million (up 19% on the €56.6 million of 2014), partly benefitting from the release of €4.4 million in provisions for current risks.

During 2015, **claims expenses** (amounts paid and the change in technical provisions) amounted to €41.9 million, compared with €35.6 million in 2014. This item refers to the change in technical provisions for the period (inclusive of provisions for late lodgements), totalling €22.8 million, and claims paid, inclusive of settlement costs, of approximately €19.1 million for the period. Considering the reinsurers' share of €12.6 million, the net change in technical provisions amounts to €29.3 million at the end of the period, compared with the €24.1 million of 2014.

This performance, allied with the positive contribution deriving from the release of provisions for current risks during the period (€4.4 million), has resulted in an overall loss ratio⁽¹⁾ (including provisions for claims incurred but not reported, or IBNR) of 45.0%, in line with the 44.8% of 31 December 2014. This is, in any event, lower than the latest figure for the industry as a whole of 57.7%, relating to 2014.

The intermediary, Poste Italiane, received **commissions** for distribution and collection activities of approximately €19.6 million (€21.4 million in 2014), which, net of commissions received from reinsurers and the change in deferred acquisition costs registered in the period, amounts to a total of €10.3 million (€10.4 million in 2014). The reduction in commissions in 2015, despite the growth of the business, is due to a different commercial mix and the payment of non-recurring commissions in 2014.

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

With regard to **organisational aspects**, during 2015 the Company continued to expand and develop the quality of its workforce, in step with its growing size and the increase in business. This was accompanied by the continuation of a large number of projects in pursuit of growth and designed to achieve continuing functional/infrastructural improvements in key business support systems. In particular, all the activities designed to ensure compliance with the prudential Solvency II regulations, which came into effect from 1 January 2016, continued. As a result, operating expenses amount to approximately €14.2 million, up on the €11.5 million of 2014.

Net financial income, resulting from a prudent policy that aims to safeguard the Group's financial strength, amounts to €3.6 million for the period, down on the €4.1 million of 2014, reflecting falling interest rates and yields on government securities.

In the light of the above performance, the non-life business recorded **EBITDA** for the period of €16.5 million for 2015, up approximately 40% on the figure for 2014.

As noted above, on 4 November 2015, the Group completed the purchase of a 100% interest in S.D.S. System Data Software Srl (which in turn owns a 100% interest in S.D.S. Nuova Sanità Srl), whose contribution to the Group's EBITDA amounts to €0.5 million. The new subsidiary's income and expenses have been included in the non-life business's results, represented by other revenue of €1.6 million and operating costs of €1.1 million.

KEY PERFORMANCE INDICATORS

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

FINANCIAL AND OTHER INDICATORS (€ m)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Equity	3,277.0	3,084.2	192.7	6.2%
Technical provisions	100,314.2	87,219.5	13,094.7	15.0%
Financial investments ^(*)	104,061.9	90,919.8	13,142.1	14.5%
Workforce ^(**)	452	336	116	41.6%
Solvency ratio	1.16	1.26	(0.10)	

OPERATING AND OTHER INDICATORS (€ m)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Gross premium revenue	18,238.7	15,509.3	2,729.4	17.6%
Profit for the period	347.9	324.8	23.1	7.1%
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

(**) the figure for 2015 includes 73 employees of the SDS group

ASSETS (€ m)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Investments	102,453.8	90,263.9	32,601.7	46.7%
<i>Investments in subsidiaries, associates and joint ventures</i>	105.2	163.3	(58.1)	-29.5%
Loans and receivables	101.4	726.4	(625.0)	n.s.
Available-for-sale financial assets	83,871.3	77,012.8	6,858.5	11.6%
Financial assets at fair value through profit or loss	18,375.9	12,361.4	6,014.5	57.4%
Cash and cash equivalents	1,608.1	655.9	952.1	118.3%
Technical provisions ceded to reinsurers	57.4	54.4	3.0	7.4%
Other tangible and intangible assets	49.8	20.8	29.0	215.5%
Receivables and other assets	1,543.0	1,329.4	213.6	16.5%
TOTAL ASSETS	105,712.1	92,324.4	13,387.8	18.6%

LIABILITIES AND EQUITY (€ m)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Equity	3,277.0	3,084.2	192.7	7.0%
Technical provisions	100,314.2	87,219.5	13,094.7	19.3%
Provisions for risks	11.2	10.7	0.5	5.3%
Payables and other liabilities	2,109.7	2,009.9	99.8	8.1%
TOTAL LIABILITIES AND EQUITY	105,712.1	92,324.4	13,387.8	18.6%

RECLASSIFIED INCOME STATEMENT (€ m)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Net premium revenue	18,197.8	15,473.2	2,724.6	17.6%
<i>Gross premium revenue</i>	18,238.7	15,509.3	2,729.4	17.6%
<i>Outward reinsurance premiums</i>	(41.0)	(36.1)	(4.9)	13.5%
Fee and commission income	3.3	0.0	3.3	n.s.
Net financial income from assets related to traditional products	2,351.6	2,778.7	(427.1)	-15.4%
<i>Income</i>	2,279.4	2,284.0	(4.7)	-0.2%
<i>Realised gains and losses</i>	507.2	370.3	136.9	37.0%
<i>Unrealised gains and losses</i>	(435.0)	124.4	(559.4)	-449.7%
Net financial income from assets related to index- and unit-linked products	189.7	539.0	(349.3)	-64.8%
Net change in technical provisions	(19,694.9)	(17,893.4)	(1,801.4)	10.1%
<i>Claims paid</i>	(7,345.6)	(5,301.1)	(2,044.5)	38.6%
<i>Change in technical provisions</i>	(12,364.3)	(12,614.7)	250.4	-2.0%
<i>Share attributable to reinsurers</i>	15.0	22.3	(7.3)	-32.7%
Investment management expenses	(37.7)	(32.8)	(4.9)	15.0%
Acquisition and administration costs	(502.1)	(425.9)	(76.2)	17.9%
<i>Net commissions and other acquisition costs</i>	(446.2)	(378.6)	(67.7)	17.9%
<i>Operating costs</i>	(55.9)	(47.4)	(8.5)	18.0%
Other revenues/(costs), net	(17.0)	(17.9)	0.9	-5.3%
EBITDA	490.7	420.8	69.9	16.6%
Net financial income attributable to free capital	112.2	151.0	(38.9)	-25.7%
Interest expense on subordinated loans	(38.9)	(31.8)	(7.1)	22.5%
PROFIT BEFORE TAX	564.0	540.1	23.9	4.4%
Income tax expense	(216.0)	(215.3)	(0.7)	0.3%
PROFIT FOR THE PERIOD	347.9	324.8	23.1	7.1%

2 Economic and market environment



Global economic growth had slowed at the end of 2015, compared with 2014. The principal advanced economies continued to expand, albeit at a more moderate pace than in the past, whilst the leading emerging economies entered a period of lower growth on the back of a slowdown in China and a falling oil price.

The price of oil extended the decline that began in mid-2014, primarily reflecting excess supply (primarily resulting from OPEC's policy stance and the slowdown in global economic activity). The oil price thus fell to beneath the lows registered during the worst of the crisis of 2008-09.

As a result of declining commodity prices, the principal advanced economies registered particularly low rates of inflation, which turned into deflation in certain months during 2015. Inflation was more uneven among the main emerging economies.

In this context, monetary policy in the most advanced nations remained extremely relaxed, whilst being marked by a growing divergence between the Federal Reserve's strategy and that of the European Central Bank ("ECB"). Whilst, in the USA, the Federal Reserve began, at its December meeting, to "normalise" its monetary policy, raising the fed funds rate by 25 basis points, in Europe, the ECB opted for more monetary stimulus by introducing and then expanding a programme of Quantitative Easing ("QE"). Among emerging economies, monetary policy was expansionary in China, where the central bank took a series of steps to support economic growth, including devaluations of the renminbi.

As regards the prospects for economic growth, the International Monetary Fund expects⁽²⁾ economic activity to pick up in the two-year period 2016-17. Growth in the advanced economies is forecast to rise to just over 2%, with so-called "peripheral" nations in Europe gradually catching up on the "core" countries. Emerging economies are expected to see growth of over 4%, thanks to a significant improvement in a number of macroeconomic factors (for example, Brazil and Russia coming out of recession), which should offset the economic slowdown in China and ongoing geopolitical tensions in the Middle East and North Africa.

A brief description of the performances of the world's principal advanced and emerging economies in 2015 is provided below.

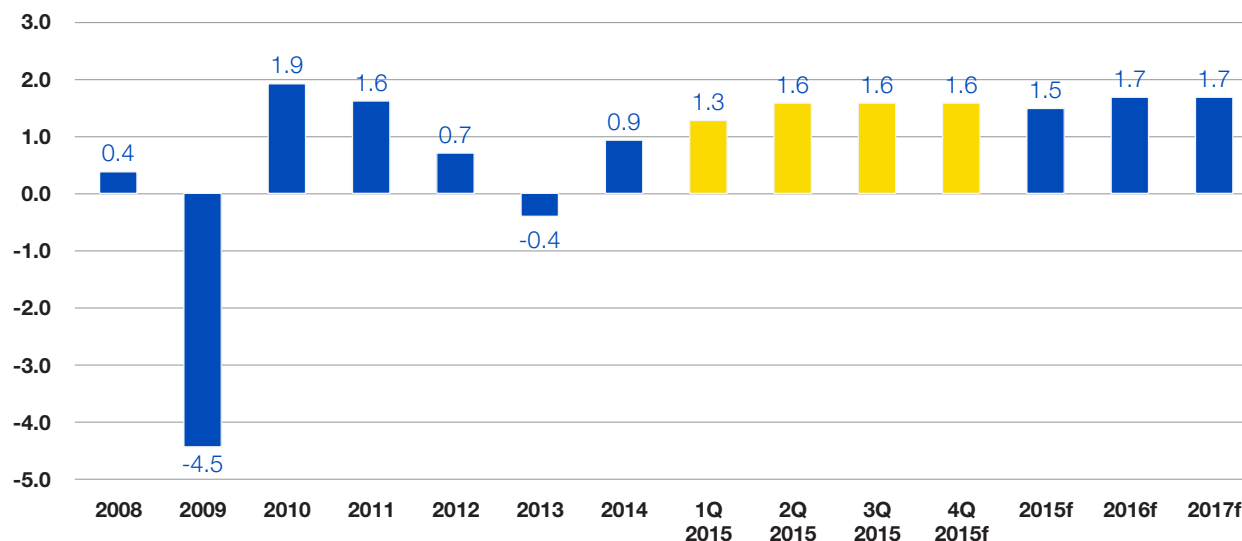
The USA recorded growth of 2.4% in 2015, the highest rate since 2010. Growth is being driven by the services sector, whilst manufacturing has been held back by the strength of the dollar, and has led to something approaching full employment and very moderate inflation (due to the strong dollar and the falling oil price). The labour market and inflation have, together with the international economic environment, had a significant impact on the Federal Reserve's strategy for "normalising" monetary policy. Only at the last FOMC meeting in December did the Fed bring to an end seven years of zero interest rates, raising the fed funds rate from within a range of 0.00-0.25% to a range of 0.25%-0.50% and indicating that the rate would gradually increase over the course of 2016.

Having returned to positive growth in 2014, the euro zone saw the rate of growth accelerate in 2015, rising from 0.9% in 2014 to 1.6%. Economic growth is being driven by both positive external factors, such as a weaker currency and the falling oil price, and by the ECB's monetary easing. There were increases in both exports, albeit at a slower rate in the last two quarters of 2015 (due to lower global demand), and in internal demand, thanks to signs of a pick-up in consumer spending (reflecting an increase in disposable income as a result of the drop in the oil price and lower unemployment) and in fixed investment (due to a recovery, albeit moderate, in lending to non-financial companies).

(2) "World Economic Outlook", January 2016.

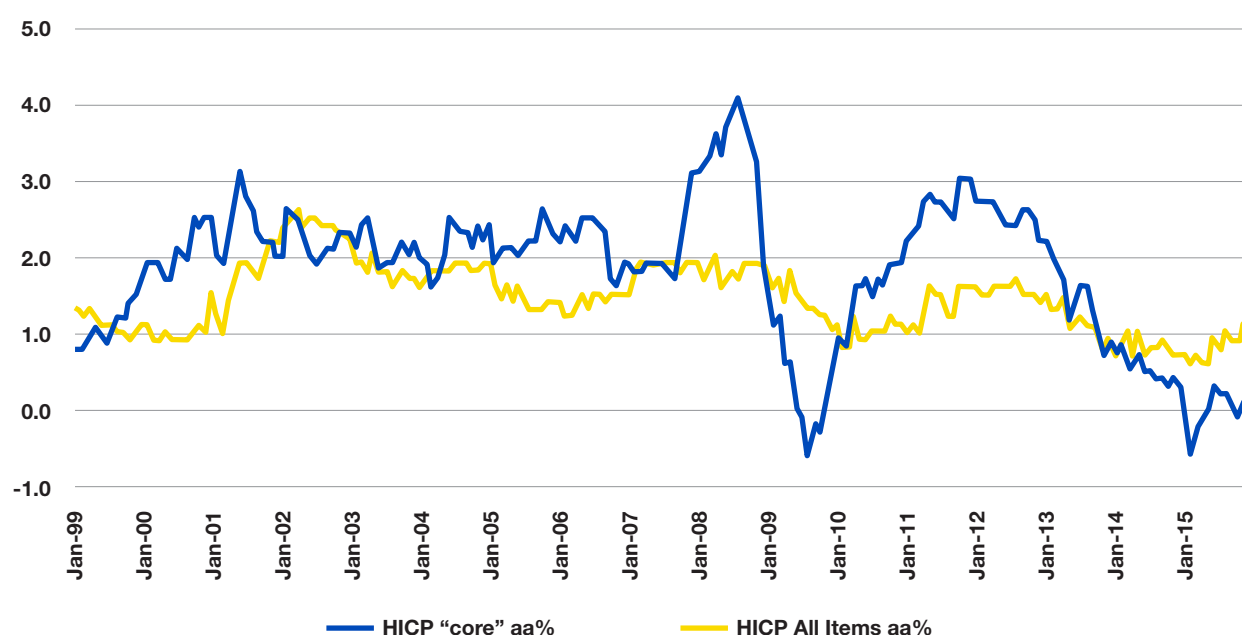
The following chart shows real GDP growth between 2008 and 2015 and estimates for 2016 and 2017:

EURO AREA: REAL GDP (2008 - 2017)



Inflation remains low, largely due to the decline in energy prices, which is holding back a return to levels of inflation in line with price stability. Annual inflation to December was 0.2%, although the rate actually went into negative territory between January and March and in August. After adjusting for the most volatile components (energy and food), core inflation also remained weak at around 1%. Over the year, the ECB progressively cut its future projections, but remains confident of a return to inflation of close on 2% in 2017. Annual inflation in the euro zone is charted below:

EURO AREA: ANNUAL INFLATION (AA%)

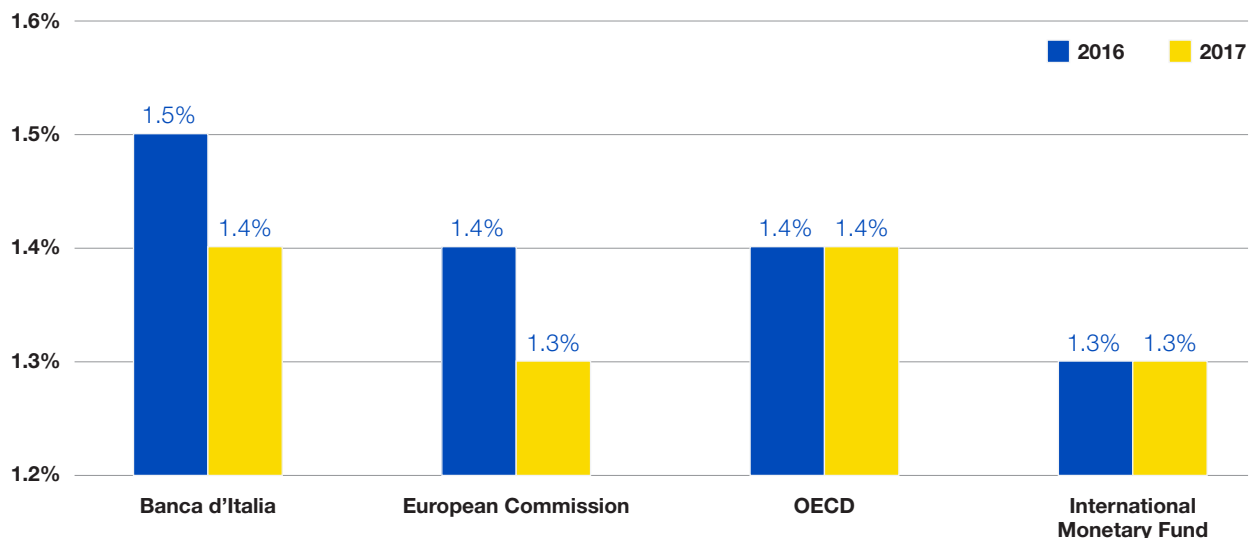


Future economic growth and inflation remain vulnerable to the risks linked to macroeconomic conditions in emerging countries, to geopolitical tensions and to their impact in terms of overseas demand and the oil price. Against this backdrop, the ECB has boosted monetary stimulus. In March, the ECB launched its Quantitative Easing programme, purchasing government securities and committing to the injection of liquidity totalling €60 billion a month. In December, the central bank expanded QE (prolonging the programme until at least the end of March 2017, broadening the range of qualifying securities to include bonds issued by regional and local governments and deciding to reinvest the capital returned on the maturity of the securities purchased under the programme). At the same time, the deposit facility rate was cut from -0.20% to -0.30%, whilst the main interest rate was held at 0.05%.

In Italy, the economic recovery continued, but at a gradual pace. After a three-year recession, economic activity has picked up again, with the country recording annual growth of 0.8%, compared with the -0.4% of 2014. However, the recovery appeared to run out of steam during the year as exports provided less impetus (those to economies outside Europe), through this was offset by stronger internal demand, as consumer spending rose and businesses began to boost their inventories.

Forecasts from leading international bodies, for the two-year period 2016-17, point to a return to a growth rate of over 1.0% in 2016 and a consolidation of growth in 2017, as the following chart shows:

ITALY: ESTIMATED REAL GDP (2015 - 2017)



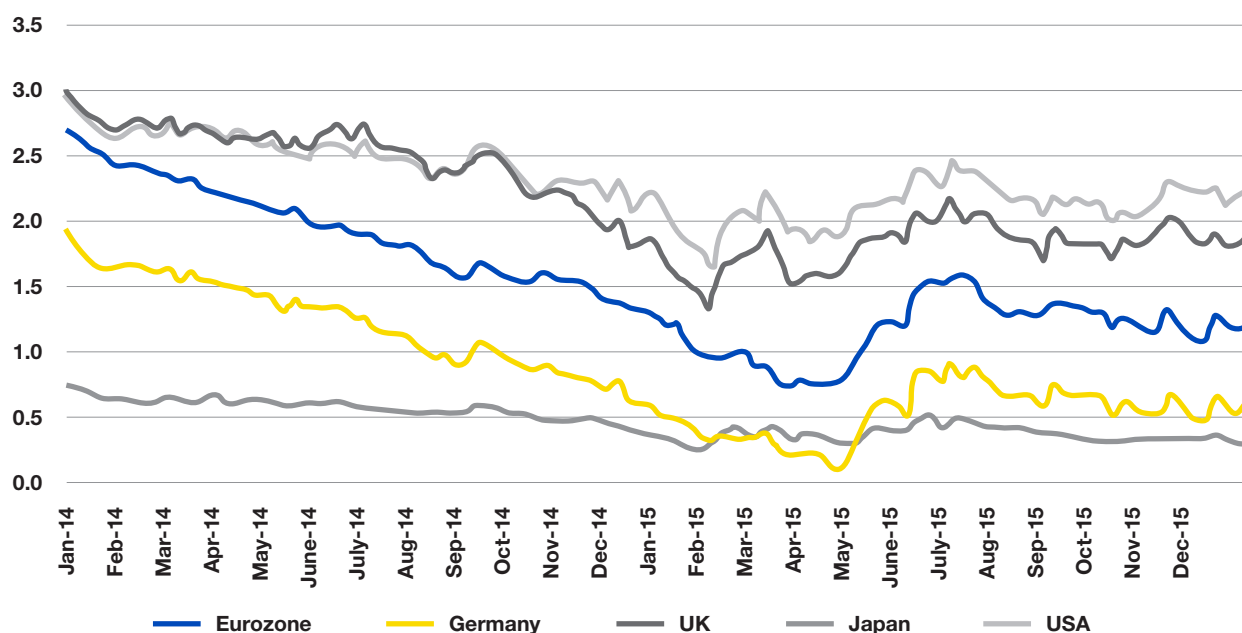
Finally, at the end of, Japan reported economic growth of 0.5%, after zero growth in 2014, whilst the UK registered a sharp slowdown, with growth declining from 2.9% in 2014 to 2.2% in 2015. In both cases, the respective central banks are expected to continue with a relaxed approach to monetary policy.

The situation in emerging economies deteriorated still further in 2015. The positive economic situation in India contrasted with recessions in Brazil and Russia, a slowdown in China and the general difficulties faced by commodity-exporting emerging nations. With specific regard to China, the country is paying the price for the decision to shift from an economy based on exports and investment to one driven by internal demand. In the second half of 2015, annual economic growth fell to below 7% for the first time since the crisis of 2008-09, forcing the Chinese monetary authorities to introduce measures designed to support the economy. This took the shape of both cuts in interest rates and a devaluation of the currency. These decisions raised significant concerns in the financial markets over the effective impact of the current economic downturn.

FINANCIAL MARKET TRENDS

At the end of 2015, the yields on ten-year government securities issued by the major advanced countries were slightly above those at the beginning of the year (except for Japan, where the yield declined). At the date in question, the yield on ten-year government securities in Germany was 0.63%, in the USA 2.27%, in the UK 1.75% and in Japan 0.26%. The weighted average yield for the euro zone as a whole was 1.26%, as shown below:

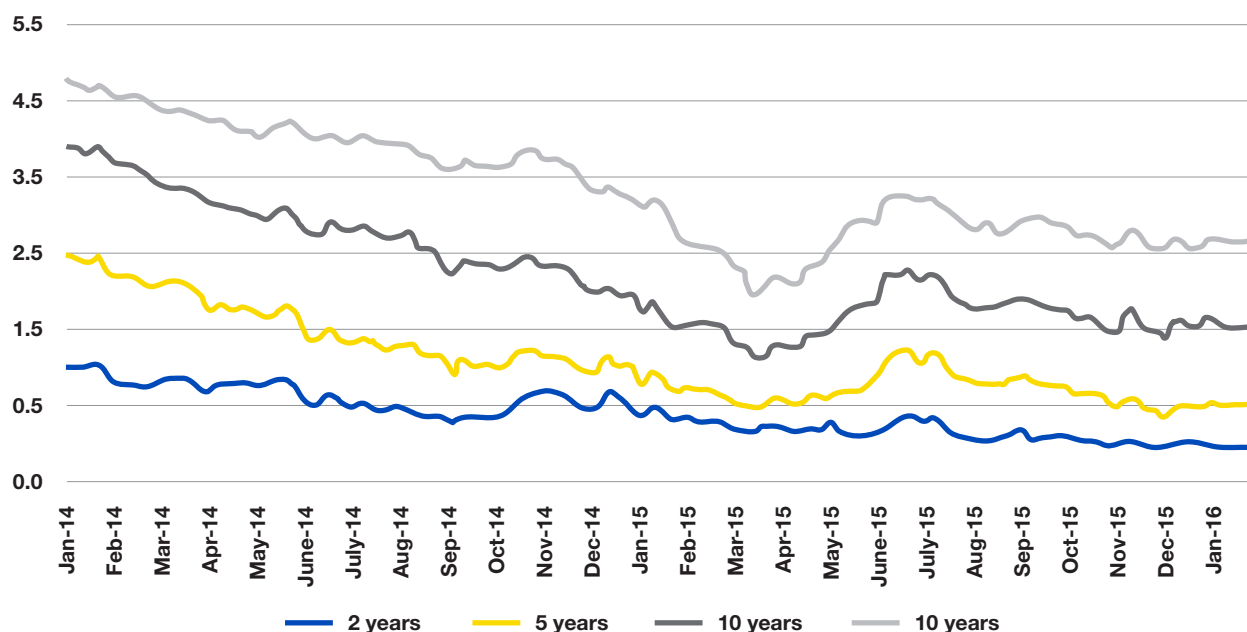
YIELD ON TEN-YEAR GOVERNMENT BONDS



The yield on ten-year German government securities declined through to mid-April (reaching a new all-time low of around 0.07%), thanks to the launch of the ECB's Quantitative Easing. In the same period, the yield on ten-year US government securities rose to reflect expectations that the Federal Reserve was about to start normalising monetary policy. From the end of April, the positive impact of the ECB's QE on the yield on ten-year German bunds was weakened by uncertainty over the political and financial situation in Greece. As a result, the yield on German bunds began to rise at the beginning of July, when the Greek government and the European Union reached an agreement on a bailout and reforms. Overall, government bond yields began to decline again at the end of summer, reflecting both declining inflation expectations, due to the falling oil price, and growing aversion to risk, driven by the slowdown of the Chinese economy, decisions taken by the Chinese monetary authorities and resulting turbulence on equity markets. In the last quarter of the year, expectations that the ECB would boost Quantitative Easing helped to further drive down yields on ten-year German bunds, whilst the increase in interest rates, decided by the Federal Reserve in December, had a modest impact in terms of increasing yields on ten-year US treasuries.

As regards Italian government securities, yields progressively came down across all the principal maturities in 2015. Over the period, the yield on 2-year Italian government bonds fell from 0.53% to -0.03%, whilst the yields on 5-year issues declined from 0.95% to 0.50%, on 10-year issues from 1.89% to 1.59% and on 30-year issued from 3.22% to 2.69%.

YIELD ON ITALIAN GOVERNMENT BONDS



The decline in yields is, in turn, due primarily to the following: i) the ECB's decision to strengthen its expansionary monetary policy through Quantitative Easing; ii) the purchase of securities by overseas investors (who, in the first 10 months of 2015, represented over 90% of the total value of net overseas portfolio investments); iii) the decline in inflation expectations; iv) and continued confidence in the debt of so-called peripheral European nations. At the end of the year, the spread between ten-year Italian and German securities was 96 bps, marking a reduction on the figure of twelve months earlier (when it was 134 bps). Between the end of June and the beginning of July, the spread rose to 162 bps as a result of the fallout from the political and financial situation in Greece, before declining again, having been only marginally affected by the financial turbulence generated by the fall in Chinese equities and the devaluation of the renminbi in August. Remaining with peripheral countries, the Spanish general election on 20 December only temporarily penalised the global market for Spanish government securities, cancelling a large part of the progress made since the beginning of the year, including in Europe where indexes had risen as a result of the ECB's QE.

The risk premium on European investment grade corporate bonds rose during 2015. At the end of the year, the premium in question was 43 bps, its highest level since the end of 2011, if we exclude the end of September when, following the Volkswagen scandal, the premium rose to above 50 bps. In contrast, the USA, the difficulties faced by the oil majors, due to the falling oil price, and the volume of redemptions, faced by a number of US funds, weighed on the performance of high-yield corporate bonds issued by US companies. On the other hand, spreads on the sovereign debt of emerging countries widened, especially on debt denominated in local currency. The process, which began during the first half of the year, accelerated during the summer following the falls in Chinese equity markets.

On the currency markets, the US dollar progressively strengthened during 2015. Against a basket of advanced economy currencies (the euro, sterling, the yen, the Canadian dollar, the Australian dollar and the French franc) and emerging market currencies (the real, renminbi, Mexican peso and South Korean won), the dollar rose by around 9%. Significant outflows of capital from emerging equity and bond markets had an inevitable impact on local currencies: according to the International Institute of Finance, 2015 saw an outflow of funds from emerging markets for the first time since 1988. The EUR/USD exchange rate fell by approximately 10%, reflecting the financial markets' differing expectations regarding the monetary policies of the ECB and Federal Reserve. However, in the last month of the year, the expansionary monetary

policies adopted by the ECB actually supported the exchange rate as they were judged to fall short of what had been expected.

THE INSURANCE MARKET

The estimated figure for gross premium revenue in the **life insurance market**, in 2015, is approximately €115 billion, up approximately 4% on the figure for 2014. The performance was largely due to significant growth in premium revenue for Class III products (up 46% compared with 2014), which more than offset a 6% reduction in Class I premiums compared with 2014.

In terms of new business for individual and collective policies sold by Italian and non-EU-registered insurers (so-called “direct premiums written in Italy”), thus excluding premiums for regular premium policies written in previous years, premium revenue was close to €100 billion, up 5.8% compared with the previous year and setting an all-time record.

Analysing the composition and performance of new business, Class I continues to be the best-selling form of insurance, despite registering a reduction of 4.8% compared with the previous year. This Class accounts for two-thirds of total premium revenue. Premiums invested in unit-linked funds are up 49% compared with 2014 and represent around 30% of new business. Capital redemption policies declined approximately 25% to represent around 3% 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. The above trends show how 2015 marks a shift in the market towards investment-linked insurance policies, as opposed to the traditional type of insurance product. The main driver of this shift is the economic situation, which has led customers to look for and insurers to provide forms of investment providing a more efficient risk-return profile. The offer of so-called multi-line products, which allow customers to allocate their investment between a mix of separately managed and one or more unit-linked components, has definitely contributed to this change.

In terms of distribution channel, post offices and banks account for approximately 70% of sales, up around 5% on the previous year. The second most important channel, in terms of premium revenue, is represented by financial promoters, with a market share of around 17%, up 22% compared with the previous year, whilst agents account for approximately 10% of premium revenue, up 1% on 2014. In-house agents and other channels, including brokers, recorded a contraction.

In terms of the method of paying premiums, sales of single premium policies accounted for 94% of total new business in terms of premium revenue and 59% in terms of the number of policies, recording an average premium of €38.650. Annual premiums registered an average of €2.300 and account for approximately 2% of new business, whilst regular premiums recorded an average of €4.100 and account for around 4% of new business.

Finally, sales of pure risk insurance and individual pension plans, whilst making a marginal contribution of 0.1% to revenue, account for almost 30% of new business or premiums written during the year. Clearly, the value of these inflows, made up of regular premiums collected over the very long term, is not to be found in the amount of the premiums collected in the year of issue, which given the nature of the policies is obviously low. Their value is rather to be found in the intrinsic financial and commercial nature of the products, which enable insurers to benefit from the automatic collection of regular premiums over time and to establish ongoing, long-term relationships with policyholders and their households.

In March 2016, the ECB surprised observers by cutting interest rates across the board, whilst increasing the volume of government securities purchased under its QE programme, launched one year previously, to €20 billion a month, reaching a total of €80 billion. The ECB's governing council then decided to cut its main refinancing rate, the rate of marginal refinancing operations and its deposit facility rate by ten basis points to 0.05%, 0.30% and -0.20%, respectively.

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 nine months of 2015 compared with the same period of 2014, with total revenue amounting to €25.9 billion. This reflects a reduction in vehicle insurance (down 5.4%), only partially offset by modest growth in premiums in other non-life classes (up 2.9%). The classes that performed best were: Financial Loss (€540 million, up 2.9%), Health (€1,549 million, up 4.9%) and General Third Party Liability (€2,741 million, up 5.3%).

PREMI LAVORO DIRETTO AL III TRIMESTRE 2015

Rami (€ m)	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 III trim 2015	Al III trim 2015	Al III trim 2015	Al III trim 2015	Al III trim 2015	2015/2014	2015/2014	2015/2014
R,C, Autoveicoli terrestri	10,584	95.2%	533	4.8%	11,117	-6.7%	-8.8%	-6.8%
Corpi di veicoli terrestri	1,777	91.5%	166	8.5%	1,942	2.7%	7.2%	3.1%
Totale settore Auto	12,360	94.6%	699	5.4%	13,059	-5.4%	-5.5%	-5.4%
Infortuni	1,997	86.7%	307	13.3%	2,304	1.0%	7.8%	1.8%
Malattia	1,451	93.7%	98	6.3%	1,549	4.6%	8.2%	4.9%
Corpi veicoli ferroviari	3	92.4%	0	7.6%	3	-11.0%	7.1%	-9.8%
Corpi veicoli aerei	15	62.8%	9	37.2%	24	8.4%	-8.1%	1.6%
Corpi veicoli marittimi	169	72.3%	65	27.7%	233	4.8%	72.2%	17.6%
Merci trasportate	122	53.4%	107	46.6%	229	-1.1%	5.5%	1.9%
Incendio ed elementi naturali	1,408	86.5%	219	13.5%	1,627	0.9%	-0.2%	0.7%
Altri danni ai beni	1,858	89.6%	215	10.4%	2,073	-1.1%	4.6%	-0.6%
R,C, Aeromobili	8	58.7%	5	41.3%	13	14.9%	-30.2%	-9.3%
R,C, Veicoli marittimi	29	94.5%	2	5.5%	30	-3.0%	3.9%	-2.6%
R,C, Generale	1,853	67.6%	888	32.4%	2,741	2.5%	11.5%	5.3%
Credito	48	12.8%	235	87.2%	372	-16.3%	5.5%	2.1%
Cauzione	259	73.2%	95	26.8%	354	-6.9%	14.6%	-2.0%
Perdite pecuniarie	388	71.7%	153	28.3%	540	9.4%	-10.5%	2.9%
Tutela Legale	228	86.7%	35	13.3%	263	7.3%	5.9%	7.1%
Assistenza	435	91.3%	41	8.7%	477	10.3%	9.3%	10.2
Totale altri rami danni	10,269	80.0%	2,562	20.0%	12,832	1.9%	7.4%	2.9%
Totale rami danni	22,630	87.4%	3,261	12.6%	25,891	-2.3%	4.4%	-1.5%

(*) Le variazioni % sono calcolate e perimetro di imprese omogeneo,

(**) Per imprese italiane ed extra-UE si intendono le imprese nazionali e le rappresentanze in Italia 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 paese 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 79.5% of non-life sales, slightly down on the figure for the third quarter of 2014 (81.3%). The number of policies sold through other direct channels (in-house agents, telephone and online sales) accounted for 8.4% of total sales at the end of September 2015 (in the case of products other than car insurance, the figure is approximately 7.8%), whilst 4.8% of policies are sold through banks and post offices.

DISTRIBUZIONE % PREMI LAVORO DIRETTO AL III TRIMESTRE 2015 (IMRESE E RAPPRESENTANZE IMPRESE EXTA-UE)

Rami	Agenti	Broker	Sportelli bancari	Promotori finanziari	Vendita diretta			Totale
					Direzione-Agenzie in economia	Vendita telefonica	Internet	
R,C, Autoveicoli terrestri	86.7	2.2	2.4	0.0	0.5	2.5	5.7	100.0
Corpi di veicoli terrestri	79.8	8.8	2.5	0.0	2.3	2.2	4.5	100.0
Totale settore Auto	85.7	3.1	2.4	0.0	0.8	2.4	5.5	100.0
Infortuni	78.6	4.9	8.6	0.9	4.0	1.3	1.7	100.0
Malattia	42.1	21.6	8.2	1.6	26.3	0.1	0.1	100.0
Corpi veicoli ferroviari	35.8	49.9	0.0	0.0	14.3	0.0	0.0	100.0
Corpi veicoli aerei	10.8	84.1	0.0	0.0	5.1	0.0	0.0	100.0
Corpi veicoli marittimi	36.2	61.8	0.0	0.0	2.0	0.0	0.0	100.0
Merci trasportate	47.1	47.2	0.0	0.0	5.6	0.0	0.1	100.0
Incendio ed elementi naturali	79.9	8.4	8.7	0.2	2.4	0.1	0.2	100.0
Altri danni ai beni	81.5	12.9	3.4	0.1	1.9	0.1	0.1	100.0
R,C, Aeromobili	17.1	82.4	0.0	0.0	0.4	0.0	0.0	100.0
R,C, Veicoli marittimi	93.4	4.1	0.4	0.0	0.2	0.8	1.1	100.0
R,C, Generale	82.7	8.3	4.0	0.1	4.6	0.1	0.1	100.0
Credito	29.0	20.1	43.8	0.6	7.0	0.0	0.0	100.0
Cauzione	80.0	14.1	0.1	0.0	5.9	0.0	0.0	100.0
Perdite pecuniarie	37.8	8.6	46.8	0.6	4.5	0.7	0.9	100.0
Tutela Legale	75.9	6.7	8.5	0.1	1.1	2.8	5.0	100.0
Assistenza	78.4	5.1	5.8	0.3	1.3	3.1	6.0	100.0
Totale altri rami danni	71.9	11.9	7.8	0.5	6.5	0.5	0.8	100.0
Totale rami danni	79.5	7.1	4.8	0.2	3.4	1.6	3.4	100.0

3 Operating review



In 2015, **total premiums** continued to grow, with total premium revenue, net of outward reinsurance premiums, totalling **€18,197.7 million**, up 17.6% on the €15,473.2 million of 2014. These results have enabled the Company to consolidate its growth trend over the last five years, boosting its market share which, on the basis of the latest available figures, has risen from 13.6% in 2014 to 15.8% in 2015.

The table below breaks down premiums by life and non-life businesses:

Premium revenue (€ m)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Class I	17,910.4	14,712.7	3,197.7	21.7%
Class III	163.3	17.1	146.2	854.1%
Class IV	5.6	1.4	4.3	309%
Class V	66.1	697.5	(631.5)	-90.5%
Gross "Life" premium revenue	18,145.4	15,428.7	2,716.7	17.6%
Outward reinsurance premiums	(14.8)	(12.1)	(2.7)	22.2%
Net "Life" premium revenue	18,130.6	15,416.6	2,714.0	17.6%
Non-life premiums	93.1	88.4	4.6	5.3%
Outward reinsurance premiums	(25.2)	(24.7)	(0.4)	1.8%
Change in premium reserve	0.3	(7.8)	8.1	-103.3%
Change in share of premium reserve attributable to reinsurers	(1.1)	0.7	(1.8)	-245.5%
Net "Non-life" premium revenue	67.1	56.6	10.5	18.6%
Net premium revenue for the period	18,197.7	15,473.2	2,724.5	17.6%

LIFE BUSINESS

As noted above, the commercial strategy focused primarily on the sale of Class 1 and V investment and savings products (traditional separately managed accounts), with **premium revenue** amounting to approximately €18.0 billion (€15.4 billion in 2014), whilst a marginal contribution came from the sale of Class III products. Overall, premium revenue amounts to **€18.1 billion** (€15.4 billion in premium revenue in 2014). However, in a market where products with a significant investment component are proving the most popular, the Group diversified its offering with the introduction of a new "multi-line" product, sales of which are still marginal, but which is expected to make a growing contribution to overall inflows in the future.

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

Breakdown of gross premium revenue for the life business	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Regular premiums	1,745.2	1,111.9	633.3	57.0%
– of which first year	688.49	436.7	251.8	57.6%
– of which subsequent years	1,056.74	675.1	381.6	56.5%
Single premiums	16,400.2	14,316.8	2,083.4	14.6%
Total	18,145.4	15,428.7	2,716.7	17.6%

The following tables show a breakdown of new business, which totals €17,408.0 million, up 16.7% on the €14,922.4 million of 2014.

New business (€ m)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Class I	17,174.7	14,217.8	2,956.9	20.8%
Class III	163.3	17.1	146.1	853.2%
Class IV	3.9	1.1	2.8	264.3%
Class V	66.1	686.5	(620.4)	-90.4%
Total	17,408.0	14,922.4	2,485.5	16.7%

At 31 December 2015, the number of policies sold amounts to approximately 6.2 million, registering an increase of 4.9% on 2014 (when the figure was 5.9 million).

Portfolio of contracts	At 1 January 2015	New contracts	Claims paid and lapses	At 31 December 2015
Traditional investment products	3,851,196	712,406	(419,919)	4,143,683
Bundled investment products	9,404	24,328	(422)	33,310
Unit-linked products	84,948	21	(20,957)	64,012
Index-linked products	689,010	164	(115,565)	573,609
Pension products	712,269	81,923	(7,375)	786,817
Protection products	546,968	127,052	(91,283)	582,737
Total	5,893,795	945,894	(655,521)	6,184,168

Sales of regular premium products (Multiutile Ricorrente, Long-Term Care, Posta Futuro Da Grande) also performed well, with over 166 thousand policies sold during the period, as did sales of the PostaPrevidenzaValore product which, with over 80 thousand policies sold during the period and the total number of members approaching 785 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 (therefore, not bundled with investment products), with over 31.5 thousand new policies sold during 2015, whilst around 92.8 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 287 thousand new non-life contracts were sold during the period (down 17% on the previous year), with an average of approximately 1,034 contracts sold each day (1,258 contracts in 2014). The reduction compared with 2014 primarily reflects a decrease in new business, above all in Credit Protection insurance (down 27%) and Personal insurance (accident, medical and assistance), only partially offset by the positive performance of goods and property insurance, as the following table shows:

New policies (€ m)	n.	2015	At 31 December 2014	2014	Delta	Delta %
Goods and property	39,263	13.7%	33,313	9.6%	5,950	18%
Personal insurance	157,003	54.7%	188,960	54.5%	(31,957)	-17%
Credit protection	90,754	31.6%	124,301	35.9%	(33,547)	-27%
Total	287,020	100%	346,574	100.0%	(59,554)	-17%

The reduction in the number of new contracts was offset by an increase of approximately 13% in the average value of new business. As a result, net premiums from new business amounted to €49 million, in line with the figure for 2014.

At 31 December 2015, gross non-life premium revenue amounts to approximately €93.1 million (up 5.3% on the previous year). The following table shows a breakdown by line of business:

Products (€ m)	PLC 2015	2015%	PLC 2014	2014%	Delta	Delta %
Goods and property	25.8	27.7%	24.4	27.6%	1.3	5.5%
Personal insurance	49.4	53.1%	42.7	48.3%	6.7	15.7%
Credit protection	17.8	19.1%	21.0	23.7%	(3.2)	-15.3%
Management and welfare policies	0.2	0.2%	0.4	0.4%	(0.2)	-52.2%
Total	93.1	100.0%	88.4	100.0%	4.7	5.3%

The following table shows the distribution of gross non-life premium revenue by line of business, revealing that Accident insurance accounts for 42% of total premiums, followed by Financial Loss (17%) and Third Party Liability (12%).

Gross premium revenue (€ m)	At 31 December 2015	Inc%	At 31 December 2014	Inc%	Delta	Delta %
Accident	38.7	42%	33.5	38%	5.2	15.6%
Medical	7.5	8%	7.9	9%	(0.5)	(6.2%)
Other Damage to Property	4.5	5%	4.4	5%	0.1	3.2%
Fire and Natural Disaster	6.7	7%	6.5	7%	0.2	2.6%
General Liability	11.5	12%	10.7	12%	0.8	7.4%
Financial Loss	15.8	17%	18.6	21%	(2.8)	(15.0%)
Legal Expenses	2.4	3%	2.1	2%	0.4	17.0%
Assistance	6.1	7%	4.8	5%	1.3	26.4%
Total	93.1	100%	88.4	100%	4.6	5.3%

PAYMENTS AND CHANGE IN TECHNICAL PROVISIONS

Claims paid during the period amount to a total of €7,345.6 million, compared with €5,301.1 million in the previous year, as shown below:

Payments (€ m)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Non-life business				
Claims paid	16.5	14.2	2.3	16.1%
Costs of settling claims	2.6	2.1	0.5	22.0%
Total non-life claims paid	19.1	16.3	2.8	16.9%
Life business				
Amounts paid	7,317.3	5,276.7	2,040.6	38.7%
<i>of which: Surrenders</i>	2,549.9	2,388.8	161.1	6.7%
<i>Maturities</i>	3,800.2	2,108.5	1,691.7	80.2%
<i>Claims</i>	967.2	779.3	187.9	24.1%
Costs of settling claims	9.2	8.1	1.1	13.8%
Total life claims paid	7,326.5	5,284.7	2,041.7	38.6%
Total	7,345.6	5,301.1	2,044.5	38.6%

Total claims paid during 2015 on life policies amount to €7,326.5 million, compared with €5,284.7 million in the comparable period. As the following table shows, the increase primarily reflects an increase in the number of Class III policies maturing, as noted above.

Surrender costs amount to approximately €2,549.9 million, (€2,388.8 million in 2014), representing 3.3% of initial provisions, compared with 3.7% in the previous year. This continues to be much lower than the industry average.

The change in technical provisions, totalling €12,364.3 million (€12,614.7 million in 2014,) 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 2014 is due partly to the impact of the financial performance, whose effects are reflected in Deferred Policyholder Liability (DPL) provisions.

Change in technical provisions (€ m)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Non-life technical provisions	22.8	19.3	3.50	18.1%
Mathematical provisions for Class I, IV and V	13,381.3	12,915.4	465.9	4%
Mathematical provisions Class III	(1,285.0)	(686.7)	(598.3)	87%
Outstanding claims provisions	704.1	245.4	458.7	187%
DPL provisions	(454.0)	111.9	(565.9)	-506%
Other technical provisions	(4.9)	9.4	(14.3)	-152%
Total life technical provisions	12,341.5	12,595.4	(253.9)	-2.0%
Total	12,364.3	12,614.7	(250.4)	-2.0%

With reference to policies ceded to reinsurers, claims paid in the period under review, inclusive of the change in technical provisions, amount to €15.0 million, compared with €22.3 million in the comparable period. Details are shown below:

Claims expenses attributable to reinsurers (€ m)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Non-life business				
Claims paid	5.9	5.4	0.5	9.6%
Costs of settling claims	0.3	0.3	0.1	30.7%
Total non-life insurance claims paid	6.2	5.6	0.6	10.5%
Change in technical provisions	6.4	5.8	0.5	n.s.
Total non-life insurance	12.6	11.5	1.1	9.8%
Life business				
Claims paid	4.1	3.4	0.7	19.0%
Costs of settling claims	0.0	0.0	0.0	0.0%
Total life insurance claims paid	4.1	3.5	0.7	18.8%
Change in technical provisions	(1.7)	7.4	(9.1)	-123.0%
Total life insurance	2.4	10.8	(8.4)	-77.7%
Total	15.0	22.3	(7.3)	-32.7%

REINSURANCE STRATEGY

LIFE BUSINESS

With reference to Life insurance, reinsurance policies adopted in past years remained essentially unaltered in 2015, whilst reinsurance coverage has been arranged with regard to LTC (Long-Term Care) insurance.

In particular, the Parent Company, Poste Vita, cedes life and long-term care (LTC) policies under quota-share treaties. In addition, it reinsures life and permanent disability policies covering executives of Banca del Mezzogiorno in optional reinsurance arrangements.

As a result of this, ceded life policies showed a negative result of €10.2 million at the end of 2015 (a positive result of €0.5 million at 31 December 2014). The effects of these reinsurance policies on the Company's results are described in the notes.

NON-LIFE BUSINESS

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

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

Briefly, the reinsurance strategy applied in 2015, in keeping with the Guidelines and the related Reinsurance Plan for 2015, is based on the following:

- confirmation of the proportional treaty bases on reinsurance cession in the Fire, Other Damage to Property and General Liability classes, with a further increase in the commissions paid by reinsurers based on underwriting results, in addition to the adoption of excess-of-loss treaties for Property and Liability (Fire, Other Damage to Property, General Third Party Liability) insurance due to risk and/or event to hedge against large losses;
- confirmation of 25% as the proportion of risks ceded in General Third Party Liability, excluding professional liability, which is maintained at 90%;
- confirmation of the preference given to "bouquet" and "multi-line" reinsurance;
- retention of 100% of gross premium revenue in the Accident class for retail products, with reference to new business, in addition to the adoption of excess-of-loss treaties for personal (Accident) insurance due to risk and/or event to hedge against large losses;
- retention of the pure premium rates established in 2013 for credit protection insurance;
- a further increase in retroceded reinsurance commissions in the Legal Expenses and Assistance classes;
- confirmation, in view of the high degree of the segment's specificity, of minimum risk retention for the corporate (non-retail) and/or public sectors, to be attained mainly via optional reinsurance agreements;
- 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 70%, in line with the figure of 68% at the end of 2014.

The ratio of ceded premiums at the end of the period to gross premiums written is 27%, in line with the figure of 28% for the previous year.

Given the above reinsurance strategy and the operating performance, the **cost of ceded insurance** amounts to €2.8 million, compared with €2.0 million for the previous year, reflecting the growth in business. The figure for 31 December 2015 includes the negative impact of the change in ceded provisions for future insurance liabilities (approximately €0.7 million) and would be in line with the previous year were this non-recurring component be stripped out. The total effect on the Company's results is illustrated in the notes.

COMPLAINTS

The Parent Company, Poste Vita, received 1,703 new complaints in 2015, compared with a total of 1,302 in 2014. The ratio of complaints to the total number of outstanding contracts at 31 December 2015 (6,182,720) is 0.028% (0.02% in 2014). The average time taken to respond to complaints during the period was around 6 days (25 days in 2014). The Company received 451 complaints regarding its Personal Injury Protection (PIP) product in 2015 (471 in the first half of 2014). The ratio of complaints to the total number of outstanding contracts at 31 December 2015 (6,182,720) is 0.007% (0.08% in 2014). The average time taken to respond to complaints during the period was around 6 days (26 days in 2014).

During 2015, the subsidiary, Poste Assicura, received 1,258 new complaints, compared with 1,034 in 2014. The ratio of complaints to the total number of outstanding contracts at 31 December 2015 (1,073,093) is 0.12% (0.09% in 2014). The average time taken to respond to complaints during the period was around 8 days (26 days in 2014).

TECHNICAL PROVISIONS

As a result of the above operating and financial performance, technical provisions amount to €100,314.3 million, up approximately 15.0% on the €87,219.5 million of 2014. The provisions are allocated as follows:

Technical provisions (€ m)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Non-life classes:				
Premium reserve	43.7	39.6	4.1	10.3%
Outstanding claims provisions	68.3	45.5	22.8	50.0%
Other technical provisions	0.3	4.6	(4.3)	-93.5%
Total non-life classes	112.3	89.8	22.5	25.1%
Life classes:				
Mathematical provisions	82,012.8	68,638.8	13,374.0	19.5%
Technical provisions where risk is borne by policyholders	7,218.5	8,503.5	(1,285.0)	-15.1%
Outstanding claims provisions	1,178.8	474.7	704.1	148.3%
DPL provisions	9,711.8	9,427.8	284.0	3.0%
Other technical provisions	80.0	84.9	(4.9)	(5.7%)
Total life classes	100,202.0	87,129.7	13,072.2	15.0%
Total	100,314.3	87,219.5	13,094.8	15.0%

Provisions for the life classes amount to €100,202.0 million. These provisions are made to meet all of the Company's obligations and include mathematical provisions (€82,012.8 million), provisions for unit- and index-linked products (€7,218.5 million), outstanding claims provisions (€1,178.8 million), the deferred policyholder liability (DPL) provisions (€9,711.8 million) and other technical provisions (€80.0 million). The latter includes provisions for future expenses (article 31 of ISVAP Regulation 21/2008), totalling €78.1 million, provisions for supplementary insurance premiums, totalling €1.7 million, and provisions for with-profits policies, amounting to €0.2 million.

Despite the change in the fair value of the financial instruments backing the provisions, due to heightened market volatility, the DPL provisions remained at approximately €9,711.8 million, broadly in line with the value at the beginning of the 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 €112.3 million (€89.8 million in 2014) and consist of: the premium reserve of €43.7 million, outstanding claims provisions of €68.3 million and other provisions of €0.3 million, relating solely to the ageing reserve. Outstanding claims provisions for claims incurred but not reported (IBNR) amount to €15.8 million. Changes in the premium reserve and outstanding claims provisions reflect the growth in premium revenue.

DISTRIBUTION

The Poste Vita Insurance Group distributes its products through the post offices of the parent, Poste Italiane SpA, a sole shareholder company – BancoPosta RFC, duly registered under letter D in the single register of insurance intermediaries as per ISVAP Regulation 5 of October 16, 2006. Poste Italiane SpA's sales network consists of over 13,000 post offices throughout the country. Insurance contracts are signed in the post offices by qualified and suitably trained personnel.

Total distribution and collection fees paid to Poste Italiane amount to approximately €410.2 million (€378.6 million in 2014).

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 of general welfare issues and of defining 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 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 outside of post offices 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 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.

4 Financial position



FINANCIAL INVESTMENTS

Investment strategies and guidelines are defined by the Boards of Directors through “framework resolutions”, which identify both the essential characteristics, in qualitative and quantitative terms, of investment sectors to be used on a long-term or temporary basis, and the strategies for derivative transactions. The investment process also includes a governance system with corporate bodies (an Investment Committee and a Risk Committee).

In terms of **investments**, during the period, against a backdrop marked by falling interest rates and lower yields on government securities, the Company continued to pursue a strategy for separately managed accounts designed to increasingly match investments to insurance obligations and, at the same time, run a portfolio that can provide stable returns.

With ongoing economic uncertainty in Italy and in Europe, investment policy was marked by prudence, with the portfolio continuing to be invested primarily in Italian government securities and highly-rated corporate bonds, resulting in a total exposure which, whilst down compared with 2014, represents over 88 % of the entire portfolio. In addition, during 2015, whilst maintaining a moderate risk appetite, the Company continued with the gradual process of diversifying investments, begun in the second half of 2014, by at the same time increasing its investments in equity instruments (from 4.4% to 10.6%), above all in multi-asset, harmonised open-end funds of the UCITS (Undertakings for Collective Investment in Transferable Securities). In line with the strategic asset allocation policy, the Parent Company, Poste Vita, began investing in funds that invest in the real estate sector (those targeting retail and office properties) in Europe and Italy. 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 2015 were 4.65% for *PostaPrevidenza* accounts and 3.61% for *PostaValorePiù* accounts.

With regard to derivative transactions, at 31 December 2015 the only derivative instruments held include the warrants purchased to hedge the indexed component of certain Class III products.

At 31 December 2015, total investments amount to €104,061.9 million, up 14.5% on the €90,919.8 million of 2014, reflecting the operating performance and financial market trends.

Financial investments (€m)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Investments in associates	105.2	163.3	(58.1)	(35.6%)
Loans and receivables	101.4	726.4	(625.0)	(86.0%)
Available-for-sale financial assets	83,871.3	77,012.8	6,858.5	8.9%
Financial assets at fair value through profit or loss	18,375.9	12,361.4	6,014.5	48.7%
Cash and cash equivalents	1,608.1	655.9	952.1	145.2%
Total financial investments	104,061.9	90,919.8	13,142.1	14.5%

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 2015 show that the company's equity amounts to €233.8 million and that it reported a profit for the year of approximately €0.9 million. During the year, the associate distributed reserves totalling €130.0 million, including €71.5 million to the shareholder, Poste Italiane SpA, and €58.5 million to the shareholder, Poste Vita SpA, as approved by the shareholders on 11 December 2015.

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

Available-for-sale (AFS) financial assets amount to over €77.5 billion and primarily relate to securities allocated to separately managed accounts (approximately €80.3 billion) and a residual portion attributable to the Company's free capital, amounting to approximately €3.5 billion.

Available for-sale financial assets (€m)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Equity instruments	8.5	8.0	0.4	5.3%
Debt securities	82,246.7	75,511.7	6,735.0	8.9%
of which: <i>government bonds</i>	70,764.4	64,669.3	6,095.1	9.4%
<i>corporate bonds</i>	11,482.3	10,842.4	639.9	5.9%
UCITS units	1,616.1	1,493.1	123.0	8.2%
Total	83,871.3	77,012.8	6,858.5	8.9%

The fair value reserve for these instruments thus amounts to €10,334.0 million, represented by potential gains, including €10,018.2 million attributable to policyholders through the shadow accounting mechanism, as they relate to financial instruments included in separately managed accounts. The remaining €316 million (€328.0 million in 2014) refers to net gains on AFS securities included in the Company's free capital and therefore attributable to a specific equity reserve (equal to €218.9 million), net of the related taxation.

Financial assets at fair value through profit or loss (FVTPL) amount to approximately €18.4 billion (€12.4 billion at 31 December 2014) and primarily regard:

- financial instruments backing unit and index-linked policies, totalling €7.3 billion, down from the €8.6 billion of 31 December 2014, primarily due to the expiration of a number of Class III products reaching maturity during the period;
- investments included in the Company's separately managed accounts, amounting to €11.1 billion, of which: i) approximately €1.9 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 €8.6 billion invested in two multi-asset, harmonised open-end funds of the UCITS (Undertakings for Collective Investment in Transferable Securities) type.

Financial assets at fair value through profit or loss (€m)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Debt securities	7,558.6	7,370.4	188.2	2.6%
of which: <i>government bonds</i>	5,664.9	6,032.7	(367.9)	(6.1%)
<i>corporate bonds</i>	1,893.7	1,337.7	556.0	41.6%
Structured bonds	1,345.8	2,367.0	(1,021.3)	(43.1%)
UCITS units	9,227.3	2,417.6	6,809.7	281.7%
Derivatives	244.2	206.4	37.9	18.3%
Total	18,375.9	12,361.4	6,014.5	48.7%

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

The financial market trends registered during the period resulted in the recognition of net fair value losses of approximately €532.5 million, reflected almost entirely in a matching change in technical provisions.

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

Issuing country (€m)	AFS	FVTPL	TOTAL
Austria	37.7	22.2	59.9
Australia	293.3	29.8	323.1
Belgium	186.9	27.7	214.6
Canada	86.6	–	86.6
Switzerland	234.8	–	234.8
Czech Republic	5.2	–	5.2
Germany	947.5	103.2	1,050.7
Denmark	26.8	58.5	85.3
Spain	2,457.5	84.7	2,542.2
Finland	67.8	–	67.8
France	2,547.6	476.3	3,023.8
UK	1,428.4	968.1	2,396.5
Ireland	710.3	258.1	968.3
Italy	70,569.3	6,294.0	76,863.3
Japan	10.2	1.6	11.8
Luxembourg	634.9	4,139.3	4,774.1
Malta	–	226.1	226.1
Mexico	29.3	15.4	44.6
Netherlands	1,788.6	216.7	2,005.4
Norway	51.2	1.5	52.6
New Zealand	29.6	–	29.6
Poland	28.6	–	28.6
Portugal	39.1	–	39.1
Sweden	237.1	41.5	278.6
Slovenia	42.8	–	42.8
United States of America	1,380.2	5,411.4	6,791.6
Total	83,871.3	18,375.9	102,247.2

The distribution of the securities portfolio at 31 December 2015 by duration class is shown below:

Duration (in years) (€m)	AFS	FVTPL
up to 1	18,269.0	12,747.6
from 1 to 3	7,820.3	3,909.4
from 3 to 5	16,494.4	413.6
from 5 to 7	14,524.1	579.4
from 7 to 10	13,027.5	462.8
from 10 to 15	9,498.1	198.3
from 15 to 20	3,929.6	43.8
from 20 to 30	308.4	21.0
Total	83,871.3	18,375.9

Cash relates to temporary cash balances, mainly available in “Separately managed accounts”, which, given the current low level of interest rates, will be invested on the basis of market trends during 2016.

Net income from financial investments for 2015 amounts to €3,146.6 million, after excluding unrealised gains or losses. This is approximately €68.4 million up on 2014, primarily due to the growth in assets under management and despite a market environment marked by falling yields on government securities. In contrast, financial market trends resulted in the recognition of net unrealised losses of €532.1 million during the period, compared with net gains of €358.7 million in 2014.

Financial income/expense 2015 (€m)	Ordinary income	Realised gains/ (losses)	Unrealised gains/ (losses)	Total income and expenses December 2015
Deriving from financial assets at fair value through profit or loss	466.4	17.4	(532.5)	(48.7)
Deriving from available-for-sale financial assets	2,370.7	329.1		2,699.8
Income from cash and cash equivalents	0.4			0.4
Deriving from loans and receivables	1.6			1.6
Deriving from financial liabilities	(38.9)			(38.9)
Deriving from investments in associates	–		0.4	0.4
Total	2,800.2	346.5	(532.1)	2,614.6

Financial income/expense 2014 (€m)	Ordinary income	Realised gains/ (losses)	Unrealised gains/ (losses)	Total income and expenses December 2014
Deriving from financial assets at fair value through profit or loss	333.2	27.8	358.7	719.7
Deriving from available-for-sale financial assets	2,410.4	330.7	–	2,741.1
Income from cash and cash equivalents	5.1			5.1
Deriving from loans and receivables	2.9			2.9
Deriving from financial liabilities	(31.8)			(31.8)
Deriving from investments in associates	–		0.0	0.0
Total	2,719.7	358.5	358.7	3,437.0
Increase/(decrease)	80.4	(12.0)	(890.8)	(822.4)

Interest expense on subordinated debt, totalling €38.9 million in 2015, partly regards interest paid during the year on the subordinated debt subscribed for by the parent, totalling €16.1 million. The remaining €22.8 million regards interest paid to subscribers of the bonds issued by the Parent Company in May 2014.

Returns on Poste Vita's separately managed accounts, in the specific period under review (from 1 January 2015 to 31 December 2015), are as follows:

Separately managed accounts	Gross return (% rate)	Average invested capital (€m)
Posta Valore Più	3.61%	70,861.0
Posta Pensione	4.65%	3,202.4

EQUITY AND SOLVENCY MARGIN

At 31 December 2015, the Group's equity amounts to €3,277.0 million, having increased €192.7 million compared with the beginning of the year. This reflects: i) profit for the period of €347.9 million; ii) the change in the valuation reserve for available-for-sale financial assets in which the Company's free capital is invested (down €5.3 million), and iii) the payment of

dividends of €150,000 thousand to the shareholder, Poste Italiane, as approved by the General Meetings of 27 April 2015 and 16 December 2015.

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

Equity (€m)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Share capital	1,216.6	1,216.6	0.0	0.0%
Revenue reserves and other equity reserves:	1,493.6	1,318.8	174.8	13.3%
Legal reserve	87.0	72.3	14.7	20.3%
Extraordinary reserve	0.6	0.6	0.0	0.0%
Organisation fund	2.6	2.6	0.0	0.0%
Negative goodwill	0.4	0.4	0.0	0.0%
Retained earnings	1,402.9	1,242.8	160.2	12.9%
Valuation reserve for AFS financial assets	218.9	224.1	(5.3)	(2.3%)
Other gains or losses recognised through equity	0.0	(0.1)	0.1	(61.2%)
Profit for the period	347.9	324.8	23.1	7.1%
Total	3,277.0	3,084.2	192.7	6.2%

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

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

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

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

The items included in the **solvency margin**, calculated using the usual method, amount to €4,159 million, compared with a required margin of €3,579 million. The resulting solvency ratio at the end of 2015 is 1.16.

SOLVENCY II

The prudential Solvency II regulations came into effect on 1 January 2016. During the preparatory phase, the Poste Vita Group undertook and completed a series of initiatives designed to ensure that Group companies were in a position to comply with the new regulatory requirements. The following were carried out within the framework of the transitional measures drawn up by the EIOPA (the European Insurance and Occupational Pensions Authority) and adopted by IVASS (the insurance industry regulator): solvency ratios were computed according to the standard Solvency II formula; stress tests and prospective assessments of risk and solvency were conducted; and the disclosures required for the Solvency II balance sheet were prepared and submitted to IVASS in compliance with the letters to the market on this issue published by the regulator in 2014 and 2015.

The procedures carried out have shown how the transition from Solvency I to Solvency II has significantly benefitted Poste Vita in terms of capital. The company's solvency ratio at 31 December 2015, determined on the basis of the new requirements, stands at 405%, marking a significant improvement on the same ratio calculated in accordance with Solvency I guidelines (113%).

The two regimes are based on structurally different approaches. Solvency II quantifies the capital needed by an insurance company based on its effective risks. In contrast, under Solvency I, capital requirements are computed on a simplified basis,

primarily based on the size of the technical provisions. The transition from one regime to the other thus results in a reduction in capital requirements from €3,567 million to €1,687 million.

Solvency II regulations have also introduced major changes in the calculation of the available margin which, under the new regime, is based on the difference between the market value of assets and liabilities, the latter increased by a risk margin. Under Solvency I, available capital is, instead, calculated on the basis of statutory accounting policies. This has resulted in an increase in available capital for solvency purposes from €4,044 million to €6,841 million as a result of the transition between the two regimes. This increase is largely explained by the present value of future gains on the existing portfolio, quantification of which, at the reporting date, is of particular significance for the Parent Company, Poste Vita SpA.

The above amounts reflect application of the standard Solvency II formula which, based on the procedures followed, is an appropriate measure of Poste Vita SpA's risk capital.

With regard to the subsidiary, Poste Assicura, the solvency margin calculated by applying the standard Solvency II formula, show that, as for the Parent Company, Poste Vita, the company is adequately capitalised at 31 December 2015.

EMBEDDED VALUE

Embedded Value is an actuarial measurement of the value of an insurance company from the point of view of the shareholder, taking into account the risks resulting from uncertainty linked to the timing and quantification of such value.

This section provides information on the measurement of European Embedded Value ("EEV") and the related results for Poste Vita for 2015.

Any value attributable to future new business is excluded from EEV.

1. INTRODUCTION

1.1. Basis for calculating Poste Vita's European Embedded Value

The reported results have been prepared by Poste Vita on the basis of the European Embedded Value ("EEV") Principles published by the CFO Forum in May 2004 and the related Guidance, published in October 2005, with the exception of the "Areas of non-compliance with the EEV Principles and Guidance" shown in the "Board of Directors' Declaration" at the end of this annex.

The EEV was calculated using a "market-consistent" approach, which takes into account financial risks, being an approach in which assets, liabilities and future cash flows are measured on an internally consistent basis and in line with the market prices of financial instruments with similar characteristics. This approach aims to ensure that the intrinsic risk in cash flow projections is calibrated with the market price for the risk provided that this is observable and reliable.

1.2 Covered business

The scope of the EEV report extends solely to Poste Vita. The EEV Principles distinguish between "covered business", being the scope of measurement to which the EEV method is applied, and "non-covered business", which is normally based on unadjusted IFRS net asset value ("NAV") or on NAV calculated under local GAAP.

By its "covered business, Poste Vita means life and health insurance contracts written by Poste Vita. Poste Vita also writes a small portion of the non-life business, which is excluded from the "covered business", together with equity attributable to that business.

1.3 Components of EEV

EEV consists of the sum of the value of adjusted NAV (“ANAV”) and the value of the existing portfolio at the measurement date (“Value In-Force” or “VIF”).

ANAV is the market value of the assets allocated to the “covered business”, but not necessary to back the statutory technical provisions. ANAV includes the “Required Capital” (or “RC”) needed to support the “covered business” and the “Free Surplus” (or “FS”), which is equal to the market value of free assets over and above those needed to back both the statutory technical provisions and the required capital attributable to the “covered business”.

VIF consists of the following components:

- (+) the present value of future after-tax profits from the current portfolio (“Present Value of Future Profits” or “PVFP”)
- (-) the time value of options and guarantees (or “TVOG”)
- (-) the frictional costs of required capital (or “FCoC”)
- (-) the cost of residual non-hedgeable risks (or “CNHR”).

2. RESULTS

2.1 European Embedded Value (EEV)

The following table shows the European Embedded Value for the “covered business” at 31 December 2015 and the comparable value at 31 December 2014.

TABLE 1 – EMBEDDED VALUE

(€m)	2015	2014
Adjusted Net Asset Value	3,421	3,145
Present value of future profits	3,899	2,640
Time value of financial options and guarantees	(893)	(291)
Frictional costs of required capital	(95)	(65)
Cost of residual non-hedgeable risks	(318)	(244)
Value In-Force	2,593	2,040
European Embedded Value	6,014	5,185

The value of ANAV is the shareholders' net assets allocated to the "covered business", suitably adjusted on the basis of the provisions of the EEV Principles, which require the components of net asset value to be measured at market value. The reconciliation of IFRS NAV and NAV under Italian GAAP ("Local GAAP") with ANAV is shown below:

TABLE 2 – RECONCILIATION OF ANAV AND IFRS AND LOCAL GAAP NAV

(€m)	2015	2014
IFRS NAV	3,287	3,055
Measurement of financial assets	(187)	(105)
Measurement of AFS securities, less deferred policyholder liabilities	(208)	(215)
Measurement of investments	20	27
Other adjustments	(1)	(1)
Local GAAP NAV	2,911	2,761
Deduction of NAV attributable to "non-covered business"	(11)	(11)
Local GAAP NAV for Life Business	2,900	2,750
Unrealised gains and losses ("URGL")	224	200
G-B adjustment	92	25
Adjustment to market value of subordinated debt	(33)	(37)
Adjustment for deferred taxation linked to Law 122 of 30 July 2010	244	212
Adjustment for tax credits (Law 265, as amended)	(6)	(5)
Adjusted NAV	3,421	3,145

From IFRS NAV to Local GAAP NAV

The differences between IFRS NAV and Italian GAAP NAV reflect a different method of measuring assets and liabilities.

Deduction of NAV attributable to the "non-covered business" from Local GAAP NAV

The NAV attributable to Poste Vita's "non-covered business" has been deducted from the NAV reported in Poste Vita's statutory financial statements to obtain Local GAAP NAV for Poste Vita's "covered business".

From Local GAAP NAV for the "covered business" to ANAV

The adjustments to NAV reported in Poste Vita's statutory financial statements needed to obtain ANAV for Poste Vita's "covered business" include the following items. Each adjustment is shown net of deferred taxation.

Unrealised gains and losses ("URGL")

This adjustment represents the impact of measurement of the assets underlying free capital at their market values.

G-B adjustment

The carrying amount in the Local GAAP financial statements of the current assets included in separately managed accounts is calculated as the lower of market value and historical cost, whilst the returns passed on to policyholders are estimated and modelled in the VIF, with sole reference to the carrying amount in the separately managed account, which is the historical cost. In order to avoid the double counting of losses in ANAV and VIF, ANAV is appropriately adjusted to reflect the difference between the historical cost and the carrying amount in the financial statements. This adjustment is normally referred to as "G-B".

Adjustment to market value of subordinated debt

This adjusts the value of subordinated debt, accounted for as a liability in the financial statements, to reflect its market value (or mark-to-model if the market value is not available).

Adjustment for deferred taxation (Law 122 of 30 July 2010)

Following the introduction of Law Decree 78/2010 (converted into Law 122 of 30 July 2010), a portion of the changes in the traditional mathematical provisions for Class I life insurance (excluding Individual Pension Funds) and Class V life policies are excluded from the calculation of IRES taxation, resulting in higher taxation of profits when the provisions increase. As the law requires, this additional tax will be recovered when the Class I and Class V provisions eventually decrease. These expected tax refunds are not recognised as deferred tax assets in the statutory financial statements. The certainty equivalent present value of the expected future tax refunds has been capitalised as an intangible asset represented by a deferred tax asset included in the above ANAV. The timing of when the expected tax refunds will be realised was determined with reference to the run-off profile for provisions relating solely to existing business, without taking account of new business. Writing new business will have the effect of delaying recovery of the additional tax and this deferral is taken into account in calculating the value of new business.

Adjustment for tax credits (Law 265/2002)

The tax paid on mathematical provisions in compliance with Law Decree 265/2002, as amended, and refundable tax on capital gains on life insurance policies or other tax liabilities have been accounted for as tax credits in NAV in Poste Vita's statutory financial statements. The above adjustment represents the cost of forfeiting interest on the non-interest bearing tax credit. The adjustment assumes that the total tax credit will be recovered as the existing portfolio is run off.

2.2 Value of new business

New business allocated to the “covered business” includes new life insurance policies sold during the period, and includes additional one-off payments collected during the year on existing and new contracts.

The value of new business (“VNB”) was calculated at the point of sale, based on economic and non-economic assumptions for the end of the period and taking into account the acquisition costs effectively incurred in the first year of the contracts.

The VNB and new business margins for 2015 are shown in the table below.

The new business margin is expressed as a percentage of the present value of new business premiums (or “PVNBP”), calculated on the basis of the same assumptions, above all those regarding surrenders and reference interest rates and the duration of the projection, as those used in estimating VNB. The new business margin expressed as a percentage of the Annual Premium Equivalent (or “APE”) is also shown.

TABLE 3 – VALUE OF NEW BUSINESS

(€m)	2015	2014
Present value of future profits	872	538
Time value of financial options and guarantees	(333)	(155)
Frictional costs of required capital	(24)	(17)
Cost of residual non-hedgeable risks	(76)	(58)
VNB at point of sale	439	308
PVNBP	18,713	16,369
Annual new business premiums	220	236
Single new business premiums (including additional payments)	16,967	14,638
New business margin (based on APE)	22.7%	18.1%
New business margin (based on PVNBP)	2.4%	1.9%
Annual Premium Equivalent (APE)	1,933	1,699

2.3 Analysis of EEV profits

The following table shows an analysis of EEV profits generated by the Poste Vita’s “covered business” in 2014.

(€m)	2015			
	Free Surplus	Required Capital	VIF	EEV
EEV at beginning of period	651	2,494	2,040	5,185
Value of new business	(550)	545	444	439
Expected contribution of existing business	647	(201)	(292)	154
Observed experience variance	(35)	56	30	51
Assumption changes	–	–	214	214
Other operating variances	74	(73)	(1)	(1)
EEV operating profit	136	327	394	857
Economic variances	(63)	2	159	98
Other non-operating variances	24	–	–	24
TOTAL EEV PROFIT	96	330	553	979
End-of-period adjustments	(150)	–	–	(150)
EEV at end of period	597	2,823	2,593	6,014

The results show that EEV increased significantly in 2015, primarily due to the contribution linked the value of new business and partially to financial market trends.

The matching Return on Embedded Value (or “ROEV”), based on the ratio of total EEV profit (“Embedded Value Earnings”) for the period and EEV at the beginning of the period, is 19%.

The principal factors behind the difference between EEV at the beginning and end of the period are described below.

Value of new business

VNB was calculated at point of sale, based on economic and non-economic assumptions for the end of the period. The VBN written during the period contributed €439 million to Embedded Value in 2015.

Expected contribution of existing business

This represents the expected change in VIF at the beginning of the period and expected profits from the free surplus and required capital.

This change also includes the expected transfer from the value of the existing portfolio ("VIF") and from required capital ("RC") to the free surplus ("FS").

Observed experience variance

The observed experience variance represents the impact on EEV of divergences between actual experience during the period, including expenses, mortality and persistency, and the operating assumptions used to calculate Embedded Value at the beginning of the period (year).

The principal factors that contribute to these observed experience variances are described below.

The observed experience variance in 2015 amounts to €51 million and primarily regards the positive effect of the lower amount of surrenders during the year, totalling €49 million.

Assumption changes

Operating assumption changes represent the impact on EEV of changes in future assumptions between the beginning and end of the period, reflecting updated best estimate assumptions.

In 2015, the impact of assumption changes was €214 million, due primarily to the change in the tax rate, which had an impact of €138 million (following enactment of the 2015 Stability Law, the IRES rate will decline from 27.5% to 24.0% from 2017). Other effects are linked to reduced assumptions regarding expenses, a reduction in mortality rates and a slight reduction in surrender rates, reflecting a recently observed improvement in persistency.

Other operating variances

This item reflects the impact of the change in the solvency target for 2015, which reduces the level of required capital to support the business transferred to the free surplus.

Economic variances

Economic variances include the impact of changes in interest rates on credit spreads and, in general, the actual performance of investments in the portfolio. For 2015, the increase in the positive value is primarily due to a reduction in the credit spread on Italian government securities.

Other non-operating variances

The positive variance in 2015 is linked to two positive tax changes:

- the tax benefit linked to the "ACE" law, which envisages tax relief in the form of a lower IRES rate for companies that take their profits to retained earnings, instead of distributing them to shareholders in the form of dividends; and
- the difference between the run-off of the asset representing the tax credit linked to "Law 122 of 30 July 2010, which was based on the run-off of the mathematical provisions for the portfolio of business written from 2010 on and the effective tax paid during the year, reflecting both the impact of new business written during the year and the run-off of all business (including business generated prior to 2010).

End-of-period adjustments

End-of-period adjustments reflect the payment of dividends totalling €150 million to Poste Italiane in 2015.

2.4 Sensitivities

EEV was calculated on the basis of operating assumptions derived from the life company's experience (best estimate assumptions) and economic assumptions derived from market conditions at the end of the reporting period.

This section focuses on analyses of the sensitivity of EEV at 31 December 2015 and of the value of new business in 2015 to changes in specific assumptions.

The same sensitivity analyses have been applied to new business as were applied to EEV. VNB is calculated using a marginal approach. Sensitivities are calculated using the same approach.

Unless otherwise indicated, only one parameter at a time is changed, leaving all the other parameters unchanged. Management actions are remain unchanged with respect to those used in calculating the base value.

The following sensitivity analyses were conducted in accordance with EEV Principles. The analyses do not represent limits to what may or may not occur and the actual change in value, versus the base value, may be greater or lesser than the sensitivity analyses suggest or could be influenced by other factors or a combination of factors.

Interest rates and assets

Reduction / Increase of 100 basis points per annum in interest rates

The sensitivity analysis is designed to measure the impact of a sudden, parallel downward or upward shift in the risk-free curve.

The risk-free curve used has a floor of 0%, below which it is not possible to go in the sensitivity analysis of a fall in interest rates, unless the rate used in the analysis is already negative from the outset. In this latter situation, points on the curve that are already negative are not subjected to further stress tests.

Given that inflation rates are modelled as real inflation rates added to nominal rates, the nominal inflation rate used to calculate the market value of index-linked securities shifts accordingly in these analyses. In contrast, the expense inflation rate does not move in these analyses.

10% reduction in the value of equities and property at the measurement date

This sensitivity analysis shows the impact of a 10% reduction in the market value of equities and property at the measurement date. The asset portfolio is immediately rebalanced to the asset allocation envisaged in the base value.

25% increase in the implied volatility of equities and property at the measurement date

This sensitivity analysis shows the impact of an increase in the implied volatility of equities and property on the time value of options and guarantees ("TVOG"). The 25% increase is a multiplicative increase in volatility.

25% increase in the implied volatility of swaptions at the measurement date

This sensitivity analysis shows the impact of an increase in the implied volatility of swaptions on TVOG. The 25% increase is a multiplicative increase in volatility.

Expenses and persistency

10% reduction in operating costs

The sensitivity analysis is applied to best estimate assumptions of operating costs derived from the company.

Proportionate 10% reduction/increase in surrender rates

The sensitivity analysis reflects a reduction/increase in best estimate surrender rates for all products and all durations. Other exits not linked to claims or lapses due to partial surrender or reductions have not been changed in this sensitivity analysis.

Insurance risk

Proportionate 5% reduction in mortality rates (excluding annuities)

The sensitivity analysis reflects the impact of a reduction in best estimate mortality rates for all ages and for the entire life insurance portfolio, with the exception of annuities. Morbidity has not been stress tested in this sensitivity analysis as it is not material.

Proportionate 5% reduction in mortality rates for annuities

This sensitivity analysis exclusively reflects the impact of an increase in the longevity of policyholders during the period of payment of the annuity under an individual pension plan and long-term care products. The impact of lower mortality during then deferral period is included in the analysis of the sensitivity to a 5% fall in the assumed mortality rates described above.

Other

Regulatory minimum capital

EEV Principles require a sensitivity analysis to show the impact of using regulatory minimum capital in determining required capital, rather than the target capital assumed in the base calculation. This sensitivity has not been shown, given its immateriality in the light of the fact that the target capital is to be reduced to 100% of the minimum capital requirement for solvency purposes (Solvency I) from 1 January 2016.

SENSITIVITY ANALYSIS – “COVERED BUSINESS”

	EEV (%)	VNB (%)
INTEREST RATES AND ASSETS		
1% reduction in risk-free rates	-12.7%	-94.3%
1% increase in risk-free rates	3.2%	57.6%
10% reduction in equities /property	-2.6%	2.7%
25% increase in implied volatility or equities/property	-4.1%	-14.8%
25% increase in implied volatility of swaptions	-2.9%	-13.4%
EXPENSES AND PERSISTENCY		
10% reduction in operating costs	0.9%	3.0%
10% reduction in surrender rates	0.4%	2.7%
10% increase in surrender rates	-0.4%	-1.8%
INSURANCE RISKS		
5% reduction in mortality rates, excluding annuities	0.1%	0.2%
5% reduction in mortality rates for annuities	-0.2%	-0.2%

100 basis point per annum reduction/increase in interest rates

A reduction in the relevant risk-free rates results in a decline in EEV and VNB, as the increase in liabilities is higher than the corresponding increase in the assets underlying savings products and, to an even greater extent, pension products, given the duration of the liabilities. This reflects the fact that the duration of the liabilities attributable to the “covered business” is greater than that of the underlying assets. Given the asymmetrical nature of the options and guarantees embedded in insurance liabilities, a reduction in interest rates has a greater impact on EEV than an increase in such rates.

The impact on new business shown above reflects changes in its marginal value. This also reflects the impact of the change in the offsetting effect between new business and the existing portfolio of with-profits policies, given that new business is added to an existing separately managed account and shares in the same profits. The relative impact is greater for VNB compared with EEV. This is because VNB has a greater duration than in-force business and (in sensitivity analysis of a reduction in rates) does not benefit from the buffer of unrealised gains covering the increased cost of guarantees.

10% reduction in the value of equities and property at the measurement date

A sudden fall in the value of equities leads to a reduction in the market value of investments attributable to existing separately managed accounts at the measurement date. The reduction in the level of unrealised gains available to top up returns and finance policyholder guarantees results in a decline in VIF and EEV.

25% increase in the implied volatility of equities/property and swaptions

The increase in the implied volatility of equities and swaptions increases the cost of financial options and guarantees, resulting in a decline in VIF and VNB. The available unrealised gains covering the future cost of guarantees reduce the impact of these stresses.

The effect is greater in the case of a sudden shift in the implied volatility of equities, compared with the effect of a sudden shift on the implied volatility of swaptions. This is because the calibration of interest rate scenarios introduces a floor of zero, mitigating the impact of the change in the implied volatility of the swaption.

In addition, in stress testing the implied volatility of equities, it is assumed that the investment portfolio is realigned annually with the strategic asset allocation, thereby heightening the impact of an increase in implied volatility.

Proportionate 10% reduction/increase in surrender rates

The sensitivity analyses regarding surrender rates show that there is a concordant effect on VNB and EEV. In the sensitivity analysis of a reduction in surrender rates for the existing portfolio and for new business, the level of unrealised gains in separately managed accounts is sufficient to cover the increased cost of the guarantees without any negative impact on the shareholder's margins.

5 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 far as it extends to information required under paragraph 2, sub-paragraph b. The governance model adopted by Parent Company, Poste Vita, is “traditional”, i.e. characterized by the traditional dichotomy between the Board of Directors and the Board of Statutory Auditors.

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

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

The Board of Directors has established a Remuneration Committee, the composition of which changed following the re-election of Directors in August 2014. The Committee has an advisory role and makes recommendations to the Board regarding remuneration policies and 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.

The Parent Company, 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.

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

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

A Risk Management function has also been established to develop risk measurement methods and propose action plans to mitigate the financial, technical and process risks to which the 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's goal during the year was to strengthen its organisational structure to meet the requirements associated with its growing size, the increase in business and plans for the future.

The number of direct employees at 31 December 2015 is equal to 452, compared with 336 at 31 December 2014. The figure for 2015 includes 73 employees of S.D.S. System Data Software Srl and S.D.S. Nuova Sanità Srl, wholly owned subsidiaries acquired on 4 November 2015. The transaction falls within the wider strategic objective of broadening the Insurance Group's offering of health insurance for individuals and groups of people.

Workforce breakdown	2015	2014	Increase/ (decrease)
Executives	40	32	8
Middle managers	175	129	46
Operational staff	227	170	57
Personnel on fixed-term contracts	10	5	5
Direct employees	452	336	116

2015 saw the Insurance Group carry out a major restructuring, entailing not only changes to the organisational roles played by the various departments, but also the appointment of highly regarded managers with substantial experience in the insurance sector, in keeping with key strategic and business priorities.

Recruitment during the year highlights the Parent Company's aim to satisfy two primary needs. On the one hand, the need to reinforce controls, entailing improvements to processes and a strengthening of the internal control system. The latter has included the recruitment of a significant number of staff to work on combatting money laundering (9 people, including a number with prior expertise and juniors). On the other hand, the need to support the growth in business and the various strategic projects already launched, some of a long-term nature, and also to build on the Group's specialist expertise (actuarial, financial and welfare-related).

The complexity and highly technical nature of the projects has meant that the process has focused primarily on the external recruitment of people with extensive insurance expertise.

In this connection, and in order to boost its human capital, including in terms of technical and specialist expertise, the Group carried out a total of over 3,748 hours of training and development in 2015, focusing on specialist insurance expertise (insurance regulations, Solvency II, actuarial matters, etc.).

The development of management skills within the Group was also a priority, with over 581 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 31 December 2015, subordinated loan notes, totalling €450 million and issued by the Parent Company, Poste Vita, have been subscribed for by Poste Italiane SpA. The notes provide a market rate of return reflecting the creditworthiness of the Company.

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

- management of the Company's free capital and of a part of the portfolio investments attributable to separately managed accounts (Bancoposta Fondi SGR);
- printing, enveloping and mail delivery through information systems; management of incoming mail, the dematerialization and filing of printed documentation (Postel);
- national courier services (Sda);
- 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, Poste Tributi, Bancoposta Fondi SGR and Mistral);
- Accident, General Third Party Liability and Fire – Credit insurance for MCC.

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

7

Other information



INFORMATION ON OWN SHARES AND/OR THE PARENT'S SHARES HELD, PURCHASED OR SOLD DURING THE PERIOD

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

RELATED PARTY TRANSACTIONS

In addition to other companies in the Poste Italiane Group, whose relationships have already been described in the previous paragraph, according to the provisions of IAS 24.9, 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 31 December 2015, the Company holds bonds issued by Cassa Depositi e Prestiti, acquired under market conditions, and is party to a lease agreement entered into, on an arm's length basis, with EUR SpA (90%-owned by the MEF).

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

RESEARCH AND DEVELOPMENT ACTIVITIES

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

LEGAL DISPUTES

Approximately 400 proceedings have been initiated against the Parent Company, Poste Vita, mainly relating to "dormant policies" and the payment of claims. Moreover, 1 proceeding is still pending in the labour court, relating to an action brought by a former fixed-term employee of the Company, who has filed a claim for compensation and re-employment on a permanent contract.

On 17 November 2015, IVASS published a letter to the market, calling insurance companies' attention to a recent judgement of the Court of Cassation dated 20 August 2015. The judgement had upheld claims regarding the unfair nature of a series of terms and conditions in a life policy, relating to the expenses to be incurred by a beneficiary wishing to receive a payout of the capital on the death of the insured person. In this regard, on 25 November 2015 the consumers' association, "Movimento Consumatori", sent Poste Vita a notice to comply (sent to numerous other insurance companies), requesting the Company to cease its use of practices that are unfair to consumers under the Consumer Code and to take steps to apply the Court of Cassation ruling. The association has reserved the right to take legal action, including a potential class action suit.

Approximately 120 proceedings have been filed against Poste Vita, 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.

The likely outcome of these disputes has been taken into account in determining the results for the period.

Disputes involving Poste Assicura total approximately 200 to date and mainly refer to objections raised against the payment of claims on Home, Accident and Condominium policies.

The likely outcome of these disputes was taken into account in calculating outstanding claims provisions. A further 25 proceedings have been filed against Poste Assicura with regard, primarily, to insurance documents.

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. On 24 June 2016, the term for an appeal by the tax authorities will expire. The likely outcomes of the tax disputes continue to be taken into account in determining provisions for risks and charges.

OUTCOME OF IVASS INSPECTIONS

Following the inspection, by the insurance regulator, that took place between 1 April and 14 July 2014, for the purposes of assessing the governance, management and control of investments and financial risk, and compliance with anti-money laundering regulations, on 17 September 2014 IVASS notified the Parent Company, Poste Vita, of its recommendations and the start of an administrative procedure regarding the alleged violation of four provisions concerning anti-money laundering regulations. The Company has submitted defence briefs and the procedure is expected to be closed within two years. Finally, in the period between September and December 2015, IVASS notified the Parent Company, Poste Vita, of four alleged violations of art. 183, paragraph 1.a) of the *Codice delle Assicurazioni Private* (Private Insurance Code or CAP), as a result of delays in the payment of claims. The Company has submitted defence briefs for each of the four notices and is awaiting the regulator's decisions.

BANK OF ITALY – FINANCIAL INTELLIGENCE UNIT (UIF)

On 15 December, the Bank of Italy's Financial Intelligence Unit began an investigation of the Company relating to violations of anti-money laundering legislation under art. 47 and art. 53, paragraph 4 of Legislative Decree 231/2007. The investigation is still in progress and further information will be provided in future.

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 24 March 2015, IVASS the insurance regulator, issued Ruling 30, containing amendments and supplements to ISVAP Regulation 24/2008, concerning the procedure for filing complaints with ISVAP and the handling of complaints by insurance companies. In response, the Company, assisted by its general counsel, has begun the process of revising the information provided to customers in order to comply with the new regulations.
- On 24 March 2015, IVASS issued Ruling 31, containing amendments to ISVAP Regulation 17/2008, concerning the rules governing the joint provision of life and non-life insurance, as defined by articles 11 and 348 of Legislative Decree 209 of 7 September 2005 – the Private Insurance Code.
- On 3 March 2015, IVASS issued Regulation 8, concerning the measures to be implemented to simplify the procedures and obligations relating to contracts between insurers, brokers and customers, partly in implementation of art. 22, paragraph 15-bis of Law Decree 179 of 18 October 2012, as converted by Law 221 of 17 December 2012. In accordance with the obligations resulting from IVASS Regulation 8, the Company, in coordination with its parent, Poste Italiane SpA, has begun the process of ensuring that its systems and contract documents are compliant.
- On 22 December 2015, IVASS issued Regulation 10, concerning the treatment of investments held by insurance and reinsurance companies, and by ultimate insurance and mixed financial holding companies in Italy, as referred to in Title vii (ownership structure), Chapter iii (participations held by insurance and reinsurance undertakings) and Title xv (group supervision), Chapter i (group supervision) 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 22 December 2015, IVASS issued Regulation 11, concerning the use, by insurance and reinsurance companies, of undertaking-specific and group-specific parameters in determining the minimum solvency capital requirement, calculated using the standard formula referred to in Title iii (pursuit of insurance business), Chapter iv-bis (solvency capital requirements), Section ii (standard formula), article 45-sexies, paragraph 7 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 22 December 2015, IVASS issued Regulation 12, concerning the use of internal models in determining the minimum solvency capital requirement referred to in articles 45-bis, 46-bis, 207-octies and 216-ter 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 22 December 2015, IVASS issued Regulation 13, concerning the ancillary components of own funds referred to in Title iii (pursuit of insurance business), Chapter iv (own funds), Section i (determination of own funds), article 44-quinquies 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 22 December 2015, IVASS issued Regulation 14, concerning the underlying risk involved in determining the minimum solvency capital requirement using the standard formula referred to in Title iii (pursuit of insurance business), Chapter iv- bis (solvency capital requirements), Section ii (standard formula) 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 22 December 2015, IVASS issued Regulation 16, concerning the application of market and counterparty default risk modules when determining the minimum solvency capital requirement using the standard formula referred to in Title iii (pursuit of insurance business), Chapter iv- bis (solvency capital requirements), Section ii (standard formula), articles 45-septies, paragraphs 8, 9, 10 and 11, and 45-novies 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).
- Legislative Decree 136 of 18 August 2015, published in Official Gazette of 2 September 2015, in implementation of Directive 2013/34/EU relating to the statutory and consolidated financial statements of banks and other financial institutions.
- Legislative Decree 74 dated 12 May 2015 (Official Gazette no. 136 of 15 June 2015 – ordinary supplement 29) has been enacted, implementing Directive 2009/138/EC regarding the taking-up and pursuit of an insurance and reinsurance business (Solvency II). The Directive introduces a new prudential supervisory regime, with the aim of providing a regulatory framework offering the highest possible level of protection for policyholders and creating a new system giving regulators suitable tools for use in assessing the overall solvency of an insurance undertaking.

- The publication in the Official Gazette, on 4 September 2015, of Legislative Decree 139 of 18 August 2015 marked the introduction of a series of changes to be applied in the preparation of separate and consolidated financial statements. The Decree has adopted Directive 2013/34, has introduced amendments to the Civil Code and Legislative Decree 127/91, and amended a number of provisions in Legislative Decree 173/97 (for insurance companies), in Legislative Decree 38/05 (governing the use of IFRS by financial intermediaries) and in Legislative Decree 39/10 (to bring the auditor's opinion into line). Key changes include: a) the new accounting treatment for own shares; b) introduction of the materiality principle; c) introduction of the amortised cost method; d) the fair value measurement of derivative financial instruments. The provisions of Decree 139/2015 are effective from 1 January 2016 and are applicable to financial statements for reporting periods commencing after that date.
- The New Private Insurance Code (*Nuovo Codice delle Assicurazioni Private* or "CAP") became effective from 1 January 2016, meaning that the provisions relating to the financial statements for 2015 are unchanged. A description of the areas subject to change following the issue of the New CAP and that are relevant to the Poste Vita Insurance Group is provided below.

Technical provisions: the need to determine the guaranteed maximum rate of interest has been eliminated, with undertakings now required to determine the guaranteed rate of interest.

Assets covering technical provisions: IVASS has confirmed removal of the qualitative/quantitative limits on assets covering technical provisions, whilst undertakings have to retain a register of assets covering technical provisions, in which the assets/ technical provisions shall be accounted for on the basis of Solvency II amounts. Furthermore, IVASS has confirmed that separate registers (life, non-life, reinsurance) are not necessary.

Appointed actuary: the role of appointed actuary is no longer required.

Supervisory schedules: IVASS has clarified the fact that, given the large amount of information required, Solvency II reporting will largely replace the current individual and consolidated supervisory schedules.

- Art. 1, paragraph 61 of Law 208 of 28 December 2015 (the 2016 Stability Law), has cut the IRES rate from 27.5% to 24% from 1 January 2017. For this reason, in accordance with the provisions of Italian accounting standard OIC 25, the Company has calculated deferred tax assets applying the IRES rate of 24% to temporary differences expected to be recovered from 1 January 2017.
- Law 190 of 23 December 2014 (the 2015 Stability Law) has introduced a number of major changes to IRAP, introduced by Legislative Decree 446 of 15 December 1997. The new legislation permits the deduction of personnel expenses for staff employed on permanent contracts from the IRAP tax base from the tax year underway at 1 January 2015. Such expenses were not deductible under the previous legislation.

8

Events after 31 December 2015



No material events have occurred since the end of the reporting period.

9 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.

From 2016, the Group has set itself the following overall objectives:

- to consolidate our leadership in the Life sector by increasing our customer base, above all among Poste Italiane's customers;
- to continue to grow in the Protection market, significantly increasing our customer base, above all among Poste Italiane's customers;
- to improve our market position (together with the subsidiary, Poste Assicura) in both the new Welfare business (Pensions, Medical, Assistance) and the retail and corporate markets;
- to boost value creation, increasing earnings and ensuring that shareholders receive a return on capital in the form of dividends.

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, and will adapt our organisational and operating structure in order to improve decision-making processes and optimise risk management. This will be done with a view to increasing and safeguarding value creation, in line with Solvency II requirements, and by expanding and developing the quality of the workforce.

Rome, 21 march 2016

The Board of Directors

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Consolidated financial statements of the Poste Vita Group



STATEMENT OF FINANCIAL POSITION – ASSETS

(€000)		At 31 December 2015		At 31 December 2014	
1	INTANGIBLE ASSETS	1	42,167	101	16,372
1.1	Goodwill	2	17,823	102	–
1.2	Other intangible assets	3	24,343	103	16,372
2	TANGIBLE ASSETS	4	7,664	104	4,438
2.1	Land and buildings	5	–	105	–
2.2	Other tangible assets	6	7,664	106	4,438
3	TECHNICAL PROVISIONS CEDED TO REINSURERS	7	57,396	107	54,403
4	INVESTMENTS	8	102,453,845	108	90,263,862
4.1	Investment property	9	–	109	–
4.2	Investments in subsidiaries, associates and joint ventures	10	105,225	110	163,286
4.3	Investments held to maturity	11	–	111	–
4.4	Loans and receivables	12	101,399	112	726,350
4.5	Available-for-sale financial assets	13	83,871,302	113	77,012,829
4.6	Financial assets at fair value through profit or loss	14	18,375,920	114	12,361,397
5	SUNDRY RECEIVABLES	15	81,963	115	71,990
5.1	Receivables arising from direct insurance transactions	16	11,964	116	8,451
5.2	Receivables arising from reinsurance transactions	17	4,183	117	3,823
5.3	Other receivables	18	65,816	118	59,716
6	OTHER ASSETS	19	1,461,033	119	1,257,371
6.1	Non-current assets or disposal groups held for sale	20	–	120	–
6.2	Deferred acquisition costs	21	56,494	121	52,517
6.3	Deferred tax assets	22	12,587	122	8,442
6.4	Current tax assets	23	1,390,533	123	1,194,568
6.5	Sundry assets	24	1,419	124	1,843
7	CASH AND CASH EQUIVALENTS	25	1,608,061	125	655,919
	TOTAL ASSETS	26	105,712,128	126	92,324,357

STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

(€000)		At 31 December 2015		At 31 December 2014	
1	EQUITY	31	3,276,963	131	3,084,239
1.1	attributable to the owners of the Parent	32	3,276,963	132	3,084,239
1.1.1	Share capital	33	1,216,608	133	1,216,608
1.1.2	Other equity instruments	34	–	134	–
1.1.3	Capital reserves	35	–	135	–
1.1.4	Retained earnings and other reserves	36	1,493,619	136	1,318,772
1.1.5	(Treasury shares)	37	–	137	–
1.1.6	Reserve for currency translation differences	38	–	138	–
1.1.7	Valuation reserve for available-for-sale financial assets	39	218,863	139	224,113
1.1.8	Other valuation reserve	40	(54)	140	(85)
1.1.9	Profit/(Loss) for the period attributable to owners of the Parent	41	347,927	141	324,832
1.2	attributable to non-controlling interests	42	–	142	–
1.2.1	Share capital and reserves attributable to non-controlling interests	43	–	143	–
1.2.2	Valuation reserves	44	–	144	–
1.2.3	Profit/(Loss) for the period attributable to non-controlling interests	45	–	145	–
2	PROVISIONS	46	11,187	146	10,650
3	TECHNICAL PROVISIONS	47	100,314,238	147	87,219,518
4	FINANCIAL LIABILITIES	48	1,211,890	148	1,300,854
4.1	Financial liabilities at fair value through profit or loss	49	–	149	–
4.2	Other financial liabilities	50	1,211,890	150	1,300,854
5	PAYABLES	51	206,832	151	131,376
5.1	Payables arising from direct insurance transactions	52	141,262	152	87,663
5.2	Payables arising from reinsurance transactions	53	8,067	153	8,567
5.3	Other payables	54	57,503	154	35,145
6	OTHER LIABILITIES	55	691,018	155	577,720
6.1	Liabilities included in disposal groups held for sale	56	–	156	–
6.2	Deferred tax liabilities	57	184,308	157	165,859
6.3	Current tax liabilities	58	500,068	158	407,229
6.4	Other liabilities	59	6,642	159	4,631
TOTAL EQUITY AND LIABILITIES		60	105,712,128	160	92,324,357

INCOME STATEMENT

For the year ended 31 December

(€000)		At 31 December 2015		At 31 December 2014	
1.1	Net premium revenue	1	18,197,763	41	15,473,199
1.1.1	Gross premium revenue	2	18,238,745	42	15,509,307
1.1.2	Outward reinsurance premiums	3	(40,982)	43	(36,107)
1.2	Fee and commission income	4	3,319	44	–
1.3	Net income (expenses) from financial assets at fair value through profit or loss	5	(48,736)	45	719,703
1.4	Income from investments in subsidiaries, associates and joint ventures	6	425	46	20
1.5	Income from other financial instruments and investment property	7	2,749,043	47	2,770,543
1.5.1	Interest income	8	2,311,024	48	2,359,003
1.5.2	Other income	9	61,662	49	59,313
1.5.3	Realised gains	10	376,356	50	352,228
1.5.4	Unrealised gains	11	–	51	–
1.6	Other income	12	2,182	52	272
1	TOTAL REVENUE	13	20,903,995	53	18,963,738
2.1	Net claims expenses	14	(19,694,895)	54	(17,893,448)
2.1.1	Claims paid and change in technical provisions	15	(19,709,907)	55	(17,915,760)
2.1.2	Share attributable to reinsurers	16	15,012	56	22,312
2.2	Commission expenses	17	–	57	–
2.3	Expenses arising from investments in subsidiaries, associates and joint ventures	18	–	58	–
2.4	Expenses arising from other financial instruments and investment property	19	(86,157)	59	(53,225)
2.4.1	Interest expense	20	(38,900)	60	(31,759)
2.4.2	Other expenses	21	–	61	–
2.4.3	Realised losses	22	(47,256)	62	(21,466)
2.4.4	Unrealised losses	23	–	63	–
2.5	Operating costs	24	(516,467)	64	(440,371)
2.5.1	Commissions and other acquisition costs	25	(422,847)	65	(360,194)
2.5.2	Investment management expenses	26	(37,736)	66	(32,823)
2.5.3	Other administrative expenses	27	(55,884)	67	(47,354)
2.6	Other costs	28	(42,522)	68	(36,575)
2	TOTAL COSTS AND EXPENSES	29	(20,340,040)	69	(18,423,619)
	PROFIT/(LOSS) BEFORE TAX	30	(563,955)	70	540,119
3	Income tax expense	31	(216,027)	71	(215,287)
	PROFIT/(LOSS) FOR THE PERIOD	32	347,927	72	324,832
4	PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	33	–	73	–
	CONSOLIDATED PROFIT/(LOSS)	34	347,927	74	324,832
	of which attributable to owners of the Parent	35	347,927	75	324,832
	of which attributable to non-controlling interests	36	–	76	–

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

(€000)	At 31 December 2015	At 31 December 2014
CONSOLIDATED PROFIT/(LOSS)	347,927	324,832
Other components of comprehensive income that will not be reclassified to profit or loss, net of taxation	31	(87)
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	31	(87)
Other components	—	—
Other components of comprehensive income that may be reclassified to profit or loss, net of taxation	(5,250)	75,979
Change in reserve for currency translation differences	—	—
Gains or losses on available-for-sale financial assets	(5,250)	75,983
Gains or losses on cash flow hedges	—	—
Gains or losses on hedges of a net investment in foreign operations	—	—
Change in subsidiaries' equity	—	(4)
Income and expenses related to non-current assets or disposal groups held for sale	—	—
Other components	—	—
TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME	(5,220)	75,893
TOTAL CONSOLIDATED COMPREHENSIVE INCOME	342,708	400,724
of which attributable to owners of the Parent	342,708	400,724
of which attributable to non-controlling interests	—	—

DETAILS OF OTHER COMPONENTS OF COMPREHENSIVE INCOME

For the year ended 31 December

	Changes		Adjustments due to reclassification to profit or loss	
	2015	2014	2015	2014
(€000)				
Other components of comprehensive income that will not be reclassified to profit or loss	31	(87)		–
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	31	(87)	–	–
Other components	–	–	–	–
Other components of comprehensive income that may be reclassified to profit or loss	34,198	104,940	(39,448)	(28,961)
Reserve for currency translation differences	–	–	–	–
Gains or losses on available-for-sale financial assets	34,198	104,944	(39,448)	(28,961)
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	–	(4)	–	–
Income and expenses related to non-current assets or disposal groups held for sale	–	–	–	–
Other components	–	–	–	–
TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME	34,228	104,853	(39,448)	(28,961)

Other changes		Total changes		Tax		Balance	
2015	2014	2015	2014	2015	2014	At 31 December 2015	At 31 December 2014
	–	31	(87)	–	–	(42)	(76)
	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	31	(87)	–	–	(42)	(76)
–	–	–	–	–	–	–	–
–	–	(5,250)	75,979	19,611	(25,392)	218,851	224,104
–	–	–	–	–	–	–	–
–	–	(5,250)	75,983	19,611	(25,392)	218,863	224,113
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	(4)	–	–	(12)	(9)
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
		(5,220)	75,893	19,611	(25,392)	218,809	224,028

STATEMENT OF CHANGES IN EQUITY

		Balance at 31 December 2013	Changes in closing balances	Changes	Adjustments due to reclassification to profit or loss
(€000)					
Equity attributable to owners of the Parent	Share capital	1,216,608	–	–	–
	Other equity instruments	–	–	–	–
	Capital reserves	–	–	–	–
	Retained earnings and other reserves	1,142,652	–	176,120	–
	(Treasury shares)	–	–	–	–
	Profit/(Loss) for the period	256,120	–	68,712	–
	Other components of comprehensive income	148,135	–	104,853	(28,961)
	Total attributable to owners of the Parent	2,763,515	–	349,685	(28,961)
Equity attributable to non- controlling interests	Share capital and reserves	–	–	–	–
	Profit/(Loss) for the period	–	–	–	–
	Other components of comprehensive income	–	–	–	–
	Total attributable to non- controlling interests	–	–	–	–
Total		2,763,515	–	349,685	(28,961)

Transfers	Changes in equity interests	Balance at 31 December 2014	Changes in closing balances	Changes	Adjustments due to reclassification to profit or loss	Transfers	Changes in equity interests	Balance at 31 December 2015
-	-	1,216,608	-	-	-	-	-	1,216,608
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	1,318,772	-	174,847	-	-	-	1,493,619
-	-	-	-	-	-	-	-	-
-	-	324,832	-	23,096	-	-	-	347,927
-	-	224,028	-	34,228	(39,448)	-	-	218,809
-	-	3,084,239	-	232,171	(39,448)	-	-	3,276,963
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	3,084,239	-	232,171	(39,448)	-	-	3,276,963

CASH FLOW STATEMENT (INDIRECT METHOD)

For the year ended 31 December

(€000)	2015	2014
Profit/(Loss) for the period before tax	563,955	540,119
Changes in non-monetary items	13,631,217	18,841,559
Change in non-life premium reserve	934	6,980
Change in outstanding claims provisions and other non-life technical provisions	16,920	13,421
Change in outstanding claims provisions and other life technical provisions	13,073,873	19,179,901
Change in deferred acquisition costs	(3,977)	(8,012)
Change in provisions	537	600
Non-monetary income and expenses from financial instruments, investment property and investments	532,486	(358,687)
Other changes	10,444	7,357
Change in receivables and payables generated by operating activities	174,965	243,005
Change in receivables and payables deriving from direct insurance sales and reinsurance transactions	49,226	(1,695)
Change in other receivables and payables	125,739	244,700
Income tax paid	(195,899)	(243,246)
Net cash generated by (used for) monetary items related to investing and financing activities	(6,014,522)	(1,877,576)
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	(6,014,522)	(1,877,576)
TOTAL NET CASH GENERATED BY OPERATING ACTIVITIES	8,159,715	17,503,861
Net cash generated by (used for) investment property	0	0
Net cash generated by (used for) investments in subsidiaries, associates and joint ventures	58,061	33,734
Net cash generated by (used for) loans and receivables	0	0
Net cash generated by (used for) investments held to maturity	0	0
Net cash generated by (used for) available-for-sale financial assets	(7,390,958)	(17,494,287)
Net cash generated by (used for) tangible and intangible assets	(39,432)	(14,632)
Other net cash generated by (used for) investing activities	0	0
TOTAL NET CASH GENERATED BY (USED FOR) INVESTING ACTIVITIES	(6,747,378)	(18,190,078)
Net cash generated by (used for) equity instruments attributable to owners of the Parent	(221,231)	(139,395)
Net cash generated by (used for) treasury shares	0	0
Distribution of dividends to owners of the Parent	(150,000)	(80,000)
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	(88,963)	756,674
Net cash generated by (used for) sundry financial liabilities	0	0
TOTAL NET CASH GENERATED BY (USED FOR) FINANCING ACTIVITIES	(460,195)	537,280
Effect of exchange rate differences on cash and cash equivalents	0	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	655,919	804,856
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	952,142	(148,937)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,608,061	655,919

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Notes



1 Part A – Basis of preparation and accounting policies

Compliance with international financial reporting standards (IFRS)

The financial statements of the Poste Vita Group for the year ended 31 December 2015, consisting of the statement of financial position, the income statement, the statement of changes in equity, the statement of cash flows and the annexes to these notes, have been prepared in accordance with the basis of presentation required by the insurance regulator, IVASS, and set out in Regulation 7 of 13 July 2007, as amended by IVASS Determination 29 of 27 January 2015. The above statements have been compiled in keeping with the instructions contained in the above Regulation.

The financial statements for the year ended 31 December 2015 have been audited by BDO SpA, the independent auditors appointed for 2014-2022.

Financial statements used for consolidation

The consolidated financial statements, insofar as they relate to the consolidated companies, Poste Assicura and S.D.S. Data Software SpA, have been prepared on the basis of the reporting packages prepared in accordance with IFRS.

Reporting date used for the consolidated financial statements

The reporting date is 31 December, the data on which all the consolidated companies end their financial year.

Consolidation procedures

The consolidated financial statements include the financial statements of the Parent Company and those of its wholly owned subsidiaries, Poste Assicura SpA and S.D.S. Data Software SpA. These companies meet the above definition provided by IFRS 10 and are consolidated on a line-by-line basis.

Line-by-line consolidation entails netting the carrying amount of investments in consolidated companies against the corresponding share of equity, whilst the subsidiary's assets and liabilities, including contingent liabilities, are accounted for on a line-by-line basis.

The criteria used for line-by-line consolidation of subsidiaries are as follows:

- the assets, liabilities, costs and revenue of consolidated entities are accounted for on a line-by-line basis, separating where applicable the equity and profit/(loss) amounts attributable to non-controlling interests in consolidated equity and consolidated profit or loss;
- business combinations, in which control over an entity is acquired, are accounted for using the acquisition method. The cost of acquisition is based on the fair values of the assets given, the liabilities incurred and the equity instruments issued by the acquirer, plus any directly attributable acquisition costs incurred. Any difference between the cost of acquisition and the fair values of the assets and liabilities acquired, following review of their fair value, is recognised as goodwill arising from consolidation (if positive), or recognised in profit or loss (if negative);
- acquisitions of non-controlling interests in entities already controlled by the Group are not accounted for as acquisitions, but as equity transactions; in the absence of a relevant accounting standard, the Group recognises any difference between the cost of acquisition and the related share of net assets of the subsidiary in equity;

- any significant gains and losses (and the related tax effects) on transactions between companies consolidated on a line-by-line basis, to the extent not yet realised with respect to third parties, are eliminated, as are intercompany payables and receivables, costs and revenue, and finance costs and income;
- gains and losses deriving from the disposal of investments in consolidated companies are recognised in profit or loss based on the difference between the sale price and the corresponding share of consolidated equity disposed of.

Investments in entities over which the Group has significant influence (assumed when the Group holds an interest of between 20% and 50%), hereinafter “associates”, are accounted for using the equity method.

The equity method is as follows:

- the Group’s share of an entity’s post-acquisition profits or losses is recognised in profit or loss from the date on which significant influence or control is obtained until the date on which significant influence or control is no longer exerted by the Group; provisions are made to cover a company’s losses that exceed the carrying amount of the investment, to the extent that the Group has legal or constructive obligations to cover such losses; changes in the equity of companies accounted for using the equity method not related to the profit/(loss) for the year are recognised directly in equity;
- unrealised gains and losses on transactions between the Parent Company/subsidiaries and the company accounted for using the equity method are eliminated to the extent of the Group’s interest in the associate; unrealised losses, unless relating to impairment, are eliminated.

The list of subsidiaries consolidated on a line-by-line basis and of associates measured using the equity method, together with key information, is provided in the annexes to the notes (Annex 5, ISVAP Regulation 7).

Goodwill arising on consolidation

Differences between the share of the consolidated company’s equity and the carrying amount of the investment recognised in the separate financial statements is allocated directly to the “Consolidation reserve” in consolidated equity, which is included in “Revenue reserves and other equity reserves”, and in assets in the statement of financial position under the item “Goodwill”.

Accounting policies

The Poste Vita Group’s annual financial statements are prepared on a **historical cost basis**, with the exception of certain items for which **fair value measurement** is obligatory.

The principal accounting policies adopted in the preparation of the consolidated financial statements are described below.

Intangible assets

This asset class refers to intangible assets that are identifiable non-monetary assets without physical substance, controllable and capable of generating future economic benefits for the entity, as defined by IAS 38.

Intangible assets are initially recognised at cost. Assets with finite useful lives (software) are amortised on the basis of their remaining useful lives. Amortisation is applied from the date the asset is ready for use, systematically over the remaining useful life of the asset, or its estimated useful life.

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.

Tangible assets

This asset class includes fixtures and fittings, plant, machinery and office equipment, as defined by IAS 16.

These assets are recognised at cost, which includes any directly attributable costs incurred to prepare the asset for its intended use, and the cost of dismantling and removing the asset to be incurred as a result of legal obligations requiring the asset to be restored to its original condition.

Tangible assets are subsequently measured at amortised cost.

Depreciated is charged on a straight-line basis over the asset’s estimated useful life.

Assets are accounted for after deducting depreciation and any impairments.

The useful life and residual value of property, plant and equipment are reviewed annually. In the event of a discrepancy compared with earlier estimates, an impairment is recognised and depreciation recalculated.

Non-routine maintenance costs generating future economic benefits are capitalised, whilst routine maintenance costs are recognised directly in profit or loss in the year in which they are incurred.

The Poste Vita Group has estimated the following useful lives for the various categories of tangible asset:

Type of asset	Period of amortisation/depreciation	Rate
Software	3 years	33%
Start-up and expansion costs	5 years	20%
Leasehold improvements	remaining lease term	
Fixtures and fittings, office equipment and internal means of transport	8 years	12%
Motor vehicles	4 years	25%
Plant and machinery	5 years	20%

Technical provisions ceded to reinsurers

These are determined in accordance with the terms and conditions of reinsurance treaties, as this method most accurately reflects the specific revenues and costs typical of the sector.

Investments in associates

This item includes the Group's investment in its associate.

This investment is accounted for using the equity method, in proportion to the Group's interest in the associate.

Financial instruments

Financial instruments include financial assets and liabilities that are classified on initial recognition at fair value based on the business purpose for which they were acquired. The purchase and sale of financial instruments are recognised by category. Any changes in fair value between the transaction date and the settlement date are recognised in the financial statements.

Financial assets

On initial recognition, financial assets are classified in one of the following categories and valued as follows:

Financial assets at fair value through profit or loss

This category includes financial instruments held for trading in the short term, derivatives and securities designated by the Group at fair value through profit or loss. Designated securities include structured financial instruments where the derivative component must be measured separately unless it is embedded in the host contract, assets covering pension fund obligations, unit- and index-linked policies and any surplus instruments held for sale.

On initial recognition, these assets are measured at the settlement date and at cost, determined on the basis of the fair value of the financial instrument. Transaction costs or income directly attributable to the purchase or sale of the instrument are not included on initial recognition and are recognised directly in profit or loss.

The assets are subsequently measured at fair value, with any changes recognised in profit or loss.

Financial assets are derecognised when there is no longer a contractual right to receive cash flows from the investment or when all the related risks and rewards and control have been substantially transferred.

Loans and receivables

These assets are measured at amortised cost using the effective interest rate method, less any impairments.

On initial recognition, these assets are measured at the settlement date and at cost, determined on the basis of the fair value of the financial instrument, plus directly attributable transaction costs.

Impairment tests are conducted at the end of each annual or interim reporting period. Impairments are recognised as a reduction in the cost, with a matching entry in profit or loss. If in subsequent periods the conditions which led to the impairment no longer exist, the carrying amount of the asset is reinstated and a reversal recognised in profit or loss. The reversal must not result in a carrying amount that is higher than what the amortised cost of the asset would have been had the impairment not been recognised.

These financial assets are derecognised when there is no longer a contractual right to receive cash flows from the investment or when all the related risks and rewards and control have been substantially transferred.

The fair value of these assets is based on the value of recent or similar transactions or on valuation models.

Available-for-sale financial assets

These assets include non-derivative financial instruments that are either designated in this category or not attributable to any of the other categories described above. These financial instruments are recognised at fair value and any resulting fair value gains or losses are recognised in an equity reserve, with movements in such reserve being accounted for in “Other components of comprehensive income” (the “Fair value reserve”). This reserve is only recycled to profit or loss when the financial asset is effectively disposed of (or settled) or, in the event of accumulated losses, when there is evidence that the impairment recognised in equity cannot be recovered.

On initial recognition, these assets are measured at the settlement date and at cost, determined on the basis of the fair value of the financial instrument, plus directly attributable transaction costs.

In the case of debt securities, the recognition of returns under the amortised cost method takes place through profit or loss, as do the effects of movements in exchange rates, whilst movements in exchange rates relating to available-for-sale equity instruments are recognised in a specific equity reserve, with movements in the reserve accounted for in “Other components of comprehensive income”.

Impairment tests are conducted at the end of each annual or interim reporting period. Impairments are recognised as a reduction in the cost, with a matching entry in profit or loss by recycling accumulated gains or losses recognised in the specific equity reserve. If in subsequent periods the conditions which led to the impairment no longer exist, the carrying amount of the asset is reinstated and a reversal recognised in profit or loss, in the case of debt securities, or in equity, in the case of equity instruments. The reversal must not result in a carrying amount that is higher than what the amortised cost of the asset would have been had the impairment not been recognised.

These financial assets are derecognised when there is no longer a contractual right to receive cash flows from the investment or when all the related risks and rewards and control have been substantially transferred.

Determining the fair value of financial assets – background

Paragraph 2 of IFRS 13 – Fair Value Measurement, endorsed by EU Regulation 1255/2012 of 11 December 2012, states that “Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same—to estimate the price at which an *orderly transaction* to sell the asset or to transfer the liability would take place between *market participants* at the measurement date under current market conditions (i.e. an *exit price* at the measurement date from the perspective of a market participant that holds the asset or owes the liability)”.

In accordance with the above standard, a description of the fair value measurement techniques used by the Poste Vita Group is provided below.

It is important to remember that the active market concept refers to a market in which prices are readily and regularly available from an exchange, or quoted regularly on “alternative” trading platforms, as opposed to official platforms, provided that such prices are deemed to be reliable. Prices may also be those available from primary participants in different markets, provided that the prices observed represent potential or actual market transactions on an arm’s length basis.

The assets and liabilities concerned are classified with reference to a hierarchy that reflects the materiality of the sources used for their valuation.

The hierarchy consists of the three levels defined by IFRS 13:

Level 1 – fair value is determined with reference to prices quoted in an active market;

Level 2 – fair value is based on inputs other than Level 1 quoted market prices that are either directly or indirectly observable for the instrument being measured and based on instruments with a similar risk profile;

Level 3 – fair value is based on inputs that cannot be directly or indirectly observed and that require the entity to make estimates and assumptions.

Further details of fair value measurement techniques are provided in the section, “Fair value measurement”.

Other receivables

This item primarily regards amounts receivable from policyholders in the form of premiums in the process of collection, from agents and insurance and reinsurance companies. These assets are measured at amortised cost using the effective interest rate method. This method is not used for receivables falling due in the short term, as the effect of discounting to present value is negligible. These receivables are measured at cost, which coincides with their nominal value, and tested for impairment.

Other assets

Deferred acquisition costs

This item refers to deferred acquisition costs, related to the acquisition of new insurance contracts. These costs are accounted for using the local accounting standards applied in the country of residence of each consolidated company, as required by IFRS 4.

Current and deferred tax assets

Current and deferred tax assets are defined and governed by IAS 12. Deferred tax assets are reviewed regularly at the end of each reporting period, if there have been changes to the relevant tax regulations.

Other assets

“Other assets” include, among other things:

- deferred commission expenses payable on investment contracts outside the scope of IFRS 4, but of IAS 39, and as such are classified as liabilities at fair value through profit or loss;
- transitional reinsurance accounts;
- other assets relating to employee benefits, as governed by IAS 19, consisting of surpluses resulting from the difference between provisions calculated in accordance with Italian GAAP and those calculated in accordance with IAS 19.

The criteria used to determine provisions for employee benefits are described in the section, “Other payables”:

- accrued income and prepaid expenses.

Cash and cash equivalents

This category includes cash and demand deposits. These are recognised at their nominal value and, in the case of foreign currency items, converted using closing exchange rates.

Impairment testing

The Poste Vita Group tests its assets for impairment at the end of each reporting period. The tests are conducted by comparing the carrying amount of each asset with its estimated recoverable amount and, if the latter is lower than the former, an impairment of the asset is recognised. The recoverable amount is the greater of fair value, less costs to sell, and value in use.

Impairment losses are recognised in profit or loss. Except in the case of goodwill, if the previous indicators of impairment no longer exist, the carrying amount of the asset is increased to reflect the new estimated recoverable amount. The reversal must not, however, exceed the carrying amount that would have been determined had no impairment loss been recognised.

Equity attributable to owners of the Parent

This category consists of equity instruments ("other equity instruments") and capital reserves attributable to owners of the Parent.

"Retained earnings and other capital reserves" include gains and losses resulting from the first-time application of IFRS and the consolidation reserves.

"Gains or losses on available-for-sale financial assets" include the gains or losses resulting from measurement of available-for-sale financial assets, accounted for after both deferred taxation and the portion attributable to policyholders, which is accounted for in insurance liabilities (under the shadow accounting mechanism).

Other gains and losses recognised directly in equity

This item includes actuarial gains and losses and adjustments to defined benefit plans recognised directly in equity (IAS 19.93A).

Provisions for risks and charges

Provisions for risks and charges are recorded to cover losses that are either probable or certain to be incurred, for which, however, there is an uncertainty as to the amount or as to the date on which they will occur.

This item includes the liabilities defined and governed by IAS 37. Provisions for risks and charges are made when the Group has a present (legal or constructive) obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured on the basis of management's best estimate of the use of resources required to settle the obligation at the end of the reporting period. The value of the liability, if significant, is discounted to present value.

Technical provisions

A description of the accounting policy applied to "Technical provisions" is provided in the next section, "Premiums and technical reserves".

Financial liabilities at fair value through profit or loss

This category includes financial liabilities held for trading in the short term, derivative financial instruments and liabilities designated at fair value through profit or loss. This category also includes financial policies for life insurance.

On initial recognition, these liabilities are measured at the settlement date and at cost, determined on the basis of the fair value of the liability. Transaction costs or income directly attributable to the transaction are not included on initial recognition and are recognised directly in profit or loss.

The liabilities are subsequently accounted for at fair value and any difference between fair value and the carrying amount is recognised in profit or loss.

Financial liabilities are derecognised when settled or when all the related risks and rewards have been substantially transferred.

Other financial liabilities

This category includes financial liabilities not held for trading. They regard subordinated loans to the Parent Company, Poste Vita, from the parent, Poste Italiane.

On initial recognition, these liabilities are measured at fair value at the settlement date, plus directly attributable transaction costs.

The liability is subsequently measured at amortised cost using the effective interest rate method.

Payables

Payables arising from direct insurance transactions

This item includes trade payables deriving from direct insurance transactions. These payables are recognised at their nominal value. Discounting is not used as, given the short-term nature of the payables, the impact would not be significant.

Payables arising from reinsurance transactions

This item includes trade payables deriving from reinsurance transactions. These payables are recognised at their nominal value. Discounting is not used as, given the short-term nature of the payables, the impact would not be significant.

Other payables

Other payables refer to items not relating to the insurance business. This item includes provisions for the component of employee benefits calculated under Italian GAAP. Discounting is not used, as these are short-term payables or payables involving the payment of interest in accordance with pre-established contracts. Employee benefits consist of the following categories:

Short-term benefits

Short-term employee benefits are those that will be fully paid within twelve months of the end of the year in which the employee provided his or her services. Such benefits include wages, salaries, social security contributions, holiday pay and sick pay. The undiscounted value of short-term employee benefits to be paid to employees in consideration of employment services provided over the relevant period, is accrued as personnel expenses.

Post-employment benefits

Post-employment benefits are of two types: defined benefit plans and defined contribution plans. Since, for defined benefit plans, the amount of benefits payable can only be determined subsequent to the cessation of employment, the related cost and obligations can only be estimated by actuarial techniques in accordance with IAS 19. Under defined contribution plans, contributions payable are recognised in profit or loss when incurred, based on the nominal value.

Defined benefit plans

Defined benefit plans include the post-employment benefits payable to employees in accordance with article 2120 of the Italian Civil Code:

- For all companies with at least 50 employees, covered by the reform of supplementary pension provision, from 1 January 2007 vesting employee benefits must be paid into a supplementary pension fund or into a Treasury Fund set up by INPS. Accordingly the company's defined benefit liability is applicable only to the provisions made up to 31 December 2006.
- In the case of companies with less than 50 employees, to which the reform of supplementary pension provision does not apply, vested employee benefits continue to represent a defined benefit liability for the company.

The post-employment benefit ("TFR") liability to be paid on cessation of employment is calculated using the projected unit credit method and then discounted to recognise the time value of money prior to the liability being settled. The liability recognised in the financial statements is based on calculations performed by independent actuaries.

The calculation takes account of benefits accrued for the period of service to date and is based on actuarial assumptions. These primarily regard: demographic assumptions (such as employee turnover and mortality) and financial assumptions (such as rate of inflation and a discount rate consistent with that of the liability). In the case of companies with at least 50 employees, as the company is not liable for employee benefits accruing after 31 December 2006, the actuarial calculation of employee benefits no longer takes account of future salary increases. Actuarial gains and losses are recognised directly in other comprehensive income at the end of each reporting period, based on the difference between the carrying amount of the liability and the present value of the Group's obligations at the end of the period, due to changes in the actuarial assumptions.

Defined benefit plans also include supplementary pension plans guaranteeing members and their surviving spouses pensions in addition to those managed by INPS to the extent of and in accordance with the conditions provided for in specific regulations covered by the collective labour contract and legislation. The initial recognition and subsequent measurement of such plans are consistent with valuation of the *TFR* described above. Measurement of the liability recognised in the financial statements is based on calculations performed by independent actuaries.

Defined contribution plans

Post-employment benefits payable pursuant to art. 2120 of the Italian Civil Code fall within the scope of defined contribution plans provided they vested subsequent to 1 January 2007 and were paid into a Supplementary Pension Fund or a Treasury Fund at INPS. Contributions to defined contribution plans are recognised in profit or loss when incurred, based on their nominal value.

Termination benefits

Termination benefits payable to employees are recognised as a liability when the entity decides to terminate the employment of an employee, or group of employees, prior to the normal retirement date or, alternatively, an employee or group of employees accepts an offer of benefits in consideration of a termination of employment. Termination benefits payable to employees are immediately recognised as personnel expenses.

Other long-term employee benefits

Other long-term employee benefits consist of benefits not payable within twelve months of the end of the reporting period during which the employees provided their services. Generally, there is not the same degree of uncertainty regarding the measurement of other long-term employee benefits as there is in relation to post-employment benefits. As a result, IAS 19 permits use of a simplified method of accounting: the net change in the value of the liability during the reporting period is recognised in full in profit or loss. Measurement of the other long-term employee benefits liability is recognised in the financial statements based on calculations performed by independent actuaries.

Other liabilities

Liabilities in disposal groups held for sale

This item refers to liabilities included in a disposal group held for sale, as defined by IFRS 5.

Current and deferred tax liabilities

Current and deferred tax liabilities are governed by IAS 12.

Current tax liabilities are calculated in accordance with the regulations in force governing direct taxation.

Deferred tax liabilities are calculated on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, with the exception of cases expressly provided for in paragraph 15 of IAS 12. Deferred tax liabilities calculated on items recognised in equity are also recognised directly in equity.

Other liabilities

This item includes:

- deferred commission income on contracts not governed by IFRS 4;
- liabilities resulting from defined benefit obligations and other long-term employee benefits;
- accrued expenses and deferred income.

Premiums and technical reserves

Contracts classified as “insurance” based on the requirements of IFRS 4 are accounted for and measured in accordance with the accounting standards used in preparation of the statutory financial statements and, as a result, comply with the provisions of Legislative Decrees 173/2997 and 209/2005 and ISVAP regulations 16, 21 and 22.

In compliance with IFRS 4, contracts qualify as insurance contracts when one party accepts significant insurance risk from another party.

Under IFRS 4, insurance risk, other than financial risk, occurs when a risk is transferred from the holder of a contract to the issuer. Financial risk is, in turn, defined as “the risk of a possible future change in one or more of a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided, in the case of a non-financial variable, that the variable is not specific to a party to the contract”.

Insurance risk is significant if, and only if, an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction). Given that IFRS 4 does not provide any specific indication regarding the level of significance of the insurance risk, it is the responsibility of the insurer to define the threshold above which the payment of additional benefits in the event of occurrence of the insured event generates the transfer of significant insurance risk. This threshold has been identified by the Company’s Board of Directors. The assessment of significance was conducted by grouping individual contracts into uniform categories based on the nature of the risk transferred to the Company.

Contracts that do not transfer significant insurance risk and that qualify for classification as financial instruments are accounted for and measured in accordance with the accounting standards used in preparation of the statutory financial statements when they have discretionary participation features.

IFRS 4.10 establishes that the unbundling of a contract, classified as insurance, into its deposit and insurance components is required in certain circumstances and is optional in others. In the event of unbundling, the deposit component falls within the scope of application of IAS 32 and IAS 39, whilst the risk component falls within the scope of application of IFRS 4.

Unbundling is required if the insurer can measure the deposit component separately (i.e. without considering the insurance component), and if the insurer’s accounting policies do not otherwise require it to recognise all obligations and rights arising from the deposit component. Based on the above, the Company has opted not to unbundle its contracts.

Contracts (or components of contracts) that do not transfer significant insurance risk and that do not have discretionary participation features are accounted for and measured in accordance with IAS 39 or IAS 18, depending on whether they qualify for classification as financial instruments or service contracts.

The bases on which non-life and life contracts are classified, and the criteria used in accounting for and measuring such contracts, are described below.

Non-life insurance

Non-life contracts are all classified as insurance contracts, taking into account the substance of such contracts, which expose the Company to significant insurance risk.

Technical provisions for non-life contracts are as follows:

The premium reserve consists of “Provisions for the unearned portion of premiums” and “Provisions for unexpired risks”. Provisions for the unearned portion of premiums are calculated on an accruals basis, taking into account gross premium revenue less acquisition costs.

Outstanding claims provisions are measured analytically and, based on a prudent assessment of the available elements, on the basis of the final cost, in order to arrive at an adequate valuation of the provisions needed to cover claims expenses and the related direct and indirect settlement costs. The above calculation process also includes an estimate of claims incurred but not reported (IBNR).

In relation to Liability Adequacy Testing (LAT), the requirements of Italian GAAP governing the calculation of technical provisions for non-life contracts are deemed to comply with the minimum requirements of paragraph 16 of IFRS 4. As a result, the Company is exempted from the need to conduct further adequacy tests.

Specifically, the component of the premium reserve relating to provisions for unexpired risks, calculated and set aside when the technical report for a particular branch of the business indicates that the expected cost of claims is higher than revenue attributable to future reporting periods, represents a reasonable approximation of the liability adequacy test.

The calculation of outstanding claims provisions, based on the final cost, includes an estimate of the principal undiscounted future cash flows and, as a result, the provisions are higher than the amount that would result from a LAT in accordance with IFRS 4.

Catastrophe and equalisation provisions have been reversed, given that IFRS 4 does not permit recognition of any prudential provision for potential future claims expenses.

The ageing reserve is calculated in accordance with article 46 of ISVAP Regulation 16. This is based on a flat rate of 10% of gross premium revenue for the year from contracts of the type indicated in the Regulation.

Life insurance

In view of the above, Class I products whose benefits are revaluated, based on the return generated through the management of separately identifiable pools of financial assets, are classified as financial instruments with discretionary participation features (“DPF”, as defined in Appendix A of IFRS 4), for which IFRS 4.35 makes reference to local accounting standards. During the year, the Company also sold asset-based Class I products. These policies mature in 2015. Given that, at maturity, amounts that have accumulated within the separately managed *Posta Valore Più* account will be automatically transferred, these contracts have been classified as financial instruments but, in keeping with the above approach, are accounted for as insurance contracts.

“Pure risk” policies are classified as insurance contracts.

Class III products exposed to significant “insurance risk” are classified as insurance contracts. These products are classified on the basis of the results of internal assessments that, through yield curve analysis, aim to assess the likelihood that the Company will have to pay out significant additional benefits in the event of occurrence of the insured event.

In addition, in order to assess the adequacy of provisions, in accordance with IFRS 4, the Company has conducted Liability Adequacy Tests. The tests were conducted on the basis of 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.

Shadow accounting

In order to mitigate mismatches between the financial assets included in separately managed accounts, measured in accordance with IAS 39, and the mathematical provisions measured in accordance with local accounting standards, the Company has applied “shadow accounting” to the contracts included in the separately managed accounts associated with life policies, as permitted by paragraph 30 of IFRS 4.

Shadow accounting allows an insurer to change the accounting policies applied to insurance liabilities (i.e. its statutory technical provisions) so that a recognised but unrealised gain or loss on an asset affects the measurement of insurance liabilities in the same way that a realised gain or loss does.

Shadow accounting is applied using a “going concern approach”, based on the following assumptions:

- the realisation, for each separately managed account, of unrealised, prospective gains and losses at the measurement date over a period of years that, based on an ALM approach, is consistent with the characteristics of the assets and liabilities held in portfolio and more representative of the overall nature of the business. The assumption based on immediate realisation is thus discarded;
- determination of the insurance liability based on the prospective yield on each separately managed account, taking into account the contractual obligations, the level of guaranteed minimum returns and any financial guarantees provided.

Commission income and expenses

These items regard commissions on investment contracts outside the scope of IFRS 4. Commission income consists of explicit and implicit fees and commissions accruing during the reporting period and management fees, whilst commission expenses regard acquisition costs.

Income and expenses arising from investments

Net income (expenses) from financial assets at fair value through profit or loss

This item includes realised gains and losses and unrealised gains and losses on assets and liabilities classified as “fair value through profit or loss”. Changes in value are measured on the basis of the difference between the fair value and carrying amount of the financial instruments accounted for in this category.

Income and expenses arising from investments in subsidiaries, associates and joint ventures

This item includes income and expenses arising from investments in the Group’s associates. It primarily refers to the Group’s share of the investees’ results for the period.

Income and expenses arising from other financial instruments and investment property

This item includes:

- income and expenses and realised gains and losses on investments classified as “available-for-sale”;
- income and expenses from loans and receivables and other financial liabilities;
- income and expenses from investment property.

Other income

This item includes:

- income from the sale of goods and services, other than financial services, and from the use, by third parties, of tangible and intangible assets and other assets;
- other net technical income, related to insurance contracts;
- exchange rate differences recorded in profit or loss in accordance with IAS 21;
- realised gains and reversals of impairments of tangible and intangible assets.

Net claims expenses

The category includes amounts paid less recoveries, the change in outstanding claims provisions and in other technical provisions for the non-life business, the change in mathematical provisions and in other technical provisions for the life business, the change in technical provisions for contracts where investment risk is transferred to policyholders, relating to insurance contracts and financial instruments falling within the scope of application of IFRS 4. Recognised amounts are shown before settlement costs and after the share attributable to reinsurers.

Expenses arising from investments in subsidiaries, associates and joint ventures

This category refers to expenses arising from the investments in subsidiaries, associates and joint ventures accounted for in the corresponding asset category.

Expenses arising from other financial instruments and investment property

This category refers to expenses arising from investment property and financial instruments not measured at fair value through profit or loss. These expenses primarily regard other expenses from investments, including the costs incurred on investment property, including management fees and uncapitalised maintenance and repair costs; losses following derecognition of a financial asset or liability or of investment property; losses resulting from measurement, including amortisation, depreciation and impairments.

Operating costs

This item includes fees and other acquisition costs, including insurance contract acquisition costs, less those ceded to reinsurers; investment management expenses, including the overheads and personnel expenses incurred in the management of financial instruments and investment property; other administrative expenses, which include the overheads and personnel expenses not allocated to claims expenses, insurance contract acquisition costs and investment management expenses.

Other costs

This item includes:

- the costs incurred on the sale of goods and services, other than financial services;
- other net technical expenses, related to insurance contracts;
- provisions made during the reporting period;
- exchange rate differences recorded in profit or loss in accordance with IAS 21;
- realised losses, impairments and depreciation and amortisation of tangible assets – when not allocated to specific items – and intangible assets.

Use of estimates

As required by paragraph 116 of IAS 1, we declare that the consolidated financial statements have been prepared with clarity and give a true and fair view of the financial position, cash flows and operating results for the year.

The notes provide explanations of the judgements made and the estimation methods and accounting policies adopted in applying IFRS.

Use of such estimates and assumptions affects the amounts reported in the financial statements and related disclosures. The actual amounts of items for which the above estimates and assumptions have been applied may differ from those reported in previous financial statements, due to uncertainties regarding the assumptions themselves and the conditions on which estimates are based. Estimates and assumptions are periodically reviewed and the impact of any changes is reflected in the financial statements for the period in which the estimate is revised if the revision only influences the current period, or also in future periods if the revision influences both current and future periods.

Estimates were used in the following cases during the period under review:

- in determining the fair value of financial assets and liabilities when this was not observable on an active market;
- in estimating the recoverability of deferred tax assets;
- in quantifying provisions for risks and charges and provisions for employee benefits, in view of the indeterminate nature or amount of the related liabilities and uncertainty regarding the date on which they will occur and the actuarial assumptions applied;
- in estimating technical provisions for the life business;
- in determining the amounts used in application of the shadow accounting method, as described above;
- in estimating technical provisions for the non-life business.

Determination of fair value

In compliance with IFRS 13 – Fair Value Measurement, endorsed by EU Regulation 1255/2012 of 11 December 2012, the following section provides information regarding the techniques used to measure the fair value of financial instruments within the Poste Vita Group.

The assets and liabilities concerned (specifically assets and liabilities carried at fair value and carried at cost or amortised cost, for which fair value is required to be disclosed in the notes) are classified with reference to a hierarchy that reflects the materiality of the sources used for their valuation.

The hierarchy consists of three levels.

Level 1: this level is comprised of fair values determined with reference to prices quoted in active markets for identical assets or liabilities to which the entity has access on the measurement date. For the Poste Vita Group, these include the following types of financial instrument:

- Bonds quoted on active markets:
 - Bonds issued by the Italian government: measurement is based on prices on the MTS (the wholesale electronic market for government securities).
 - Bonds issued by EU government bodies or Italian or foreign corporate bonds: measurement is based on prices on regulated markets, according to a hierarchy of sources:
 - a. the bid price at 4.30pm London time (GMT), quoted by a globally recognised information provider;
 - b. the last bid price on regulated markets recognised by the CONSOB in accordance with Resolution 16370 of 4 March 2008;
 - c. equity instruments quoted on active markets: measurement is based on the price resulting from the last trade of the day on the stock exchange of reference;
 - d. quoted investment funds: this category includes funds invested in financial instruments quoted on active markets. Measurement is based on the NAV (Net Asset Value) determined by the fund manager.
- Financial liabilities quoted on active markets: this category includes plain vanilla bonds, whose measurement is based on the ask prices quoted by a globally recognised information provider.

Level 1 bond price quotations incorporate a credit risk component.

Level 2: this level is comprised of fair values based on inputs other than Level 1 quoted market prices that are either directly or indirectly observable for the asset or liability. For the Poste Vita Group, these include the following types of financial instrument:

- Bonds either quoted on inactive markets or not at all:
 - Plain vanilla Italian and international government and non-government bonds: valued using discounted cash flow techniques involving the computation of the present value of future cash flows, inputting rates from yield curves incorporating spreads reflecting credit risk that are based on asset swap spreads determined with reference to quoted and liquid benchmark securities issued by the issuer. Yield curves may be slightly adjusted to reflect liquidity risk relating to the absence of an active market.
 - Structured bonds: measurement is based on a building blocks approach, where the structured bond is broken down into its basic components: the bond component and the option component. The bond component is measured by discounting cash flows to present value in line with the approach applicable to straight bonds, as defined above. The option component – which, considering the features of the bonds included in the portfolio of the Poste Vita Group, relates to interest rate risk - is measured in accordance with a standard closed form expression as with classical option valuation models with underlyings exposed to such risks.
- Unquoted equities: this category may be included here provided it is possible to use the price of quoted equities of the same issuer as a benchmark. The price inferred in this manner would be adjusted through the application of the discount implicit in the process to align the value of class B and C shares to quoted class A shares.
- Derivative financial instruments:
 - Warrants: considering the features of the securities held, measurement is based on a closed form expression.
- Financial liabilities either quoted on inactive markets or not at all:
 - Plain vanilla bonds: valued using discounted cash flow techniques involving the computation of the present value of future cash flows, inputting rates from yield curves incorporating spreads reflecting the issuer's credit risk;
 - Structured bonds: measurement is based on a building blocks approach, where the structured bond is broken down into its basic components: the bond component and the option component. The bond component is measured by discounting cash flows to present value in line with the approach applicable to straight bonds, as defined above. The option component – which, considering the features of the bonds issued by Group companies, relates to interest rate risk - is measured in accordance with a standard closed form expression as with classical option valuation models with underlyings exposed to such risks.

Level 3: this category includes the fair value measurement of assets and liabilities using inputs which cannot be observed. For the Poste Italiane Group the following categories of financial instrument apply:

- Property funds subject to capital calls and closed-end private equity funds subject to capital calls: these include funds that invest in unlisted instruments. Their fair value is determined by considering the NAV (Net Asset Value) reported by the fund manager. This NAV is adjusted according to the capital calls and reimbursements announced by managers.
- The investment in the associate, Europa Gestioni Immobiliare (EGI), measured using the equity method.
- Financial liabilities measured at amortised cost.

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 31 December 2015, 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 €39,517 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:

ISIN (€000)	Name	Nature of entity	Activity of fund	% investment	NAV of fund	
					Measurement date	Amount
IE00BP9DPZ45	BLACKROCK DIVERSIFIED DISTRIBUTION FUND	Harmonised open-end UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100.00%	31 December 2015	4,733,333
LU1193254122	MXF – GLOBAL FUND – ASSET GLOBAL FUND (PIMCO MULTI ASSET)	Harmonised open-end UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100.00%	31 December 2015	3,872,663
IT0004597396	ADVANCE CAPITAL ENERGY FUND	Non- harmonised closed-end fund of funds	Investment in energy companies to increase their value and, via the subsequent sale, generate capital gains.	86.21%	31 December 2015	24,166
IE00B1VWGP80	PIANO 400 FUND DEUTSCHE BANK	Harmonised open-end	Investment in a mix of asset classes, above all debt instruments from various sectors and countries.	100.00%	30 December 2015	499,960
IT0004801996	TAGES CAPITAL PLATINUM	Non- harmonised fund of hedge funds	Pursuit of absolute returns, with a low degree of volatility and long-term correlation with the principal financial markets.	100.00%	30 November 2015	215,522
IT0004937691	TAGES PLATINUM GROWTH	Non- harmonised fund of hedge funds	Pursuit of absolute returns, with a low degree of volatility and long-term correlation with the principal financial markets.	100.00%	30 November 2015	132,408
LU1081427665	SHOPPING PROPERTY FUND 2	Harmonised closed-end	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	63.27%	31 December 2015	62,452

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:

ISIN (€000)	Name	Classification	Carrying amount of investment	Maximum loss exposure ⁽¹⁾	Difference between carrying amount and maximum loss exposure	Method for determining maximum loss exposure	Unrealised gains/ losses
IE00BP9DPZ45	BLACKROCK DIVERSIFIED DISTRIBUTION FUND	Financial assets at fair value through profit or loss	4,733,333	708,564	4,024,769	Analytical annualised VaR 99.5%	(264,898)
LU1193254122	MFx – GLOBAL FUND – ASSET GLOBAL FUND (PIMCO MULTI ASSET)	Financial assets at fair value through profit or loss	3,872,663	514,654	3,358,009	Analytical VaR 99.5% over 1 year	(127,337)
IT0004597396	ADVANCE CAPITAL ENERGY FUND	Available-for- sale financial assets	20,834	9,742	11,091	VAR at 99.5% over a 1-year time horizon	3,666
IE00B1VWGP80	PIANO 400 FUND DEUTSCHE BANK	Available-for- sale financial assets	499,960	639	499,321	Difference between market value at the measurement date and par value (equal to 100)	639,279
IT0004801996	TAGES CAPITAL PLATINUM	Available-for- sale financial assets	215,522	57,210	158,313	VAR at 99.5% over a 1-year time horizon	4,544
IT0004937691	TAGES PLATINUM GROWTH	Available-for- sale financial assets	132,408	21,643	110,765	VAR at 99.5% over a 1-year time horizon	7,031
LU1081427665	SHOPPING PROPERTY FUND 2 Feeder SA SICAV-SIF	Available-for- sale financial assets	39,516	14,503	25,014	Analytical VaR 99.5% over 1 year	(3,117)
			9,514,237	1,326,955	8,187,282		(379,472)

(1) "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.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS AND THOSE SOON TO BE EFFECTIVE

The following are applicable from 1 January 2015:

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

The following are applicable from 1 January 2016:

- **Annual Improvement Cycle in relation to IFRS 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, the share of other comprehensive income pertaining to associates and joint ventures accounted for with the equity method, indicating which of those 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).

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

- IFRS 9 – Financial Instruments;
- IFRS 14 – Regulatory Deferral Accounts;
- IFRS 15 – Revenue from Contracts with Customers;
- IFRS 16 – Leases;
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities – Applying the Exception to Consolidation;
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate/Joint Venture;
- Amendments to IAS 12 on the Recognition of Deferred Tax Assets for Unrealised Losses;
- Amendments to IAS 7 on the information to be provided on cash flows from financing activities.

2 Part B – Scope of consolidation



The scope of consolidation includes the financial statements of the Parent Company, Poste Vita SpA, and those of 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 the Parent Company, Poste Vita and are consolidated on a line-by-line basis.

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

Name	Country	Business	Type of ownership	% direct ownership	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

In accordance with IFRS 10, subsidiaries are the entities over which the Parent Company exercises control. Control is obtained when the Parent Company is exposed, or has rights to, variable returns from its involvement with the investee, and has the ability to influence those returns through its power over the investee. The Parent Company controls an investee if, and only if, it simultaneously:

- has power over the investee (i.e. not merely protective rights, but rights that give it the current ability to direct the relevant activities of the investee, i.e. the activities that significantly affect the investee's returns);
- is exposed, or has rights to, variable returns from its involvement with the investee;
- has the ability to influence those returns through its power over the investee.

Control is determined on the basis of the economic substance of the relationship between the Group and the investee, and, among other things, taking into account both current and potential voting rights.

The Group periodically and systematically reviews the facts and circumstances to establish if there has been any change in one or more of the above elements.

In accordance with IAS 28, an associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. The Parent Company is presumed to have significant influence if it directly or indirectly holds at least 20% of the voting power of the investee. The treatment of such an investment is described in the section, "Consolidation procedures".

3 Part C – Notes to the consolidated statement of financial position



ASSETS

INTANGIBLE ASSETS

At the end of 2015, intangible assets amount to €42,166.6 thousand, compared with €16,372 thousand at 31 December 2014.

Intangible assets (€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Gross amount	68,180.8	32,505.2	35,675.6	109.8%
Accumulated amortisation	26,014.2	16,132.8	9,881.4	61.3%
Carrying amount	42,166.6	16,372.4	25,794.2	157.5%

The following table provides a breakdown:

Intangible assets (€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Software	44,691.6	16,159.6	28,532.0	176.6%
Goodwill	17,823.2	–	17,823.2	n/s
Intangibles in progress	5,134.0	199.7	4,934.3	2,470.9%
Start-up and expansion costs	532.0	13.1	518.9	3,961.1%
Carrying amount	68,180.8	16,372.4	51,808.4	316.4%

This item mainly comprises: i) unamortized software programme licenses, totalling €44,692 thousand, ii) the capitalized costs incurred in software development still to be completed at the end of 2015 (which did not, therefore, generate economic benefits in the period), totalling €5,134 thousand, and iii) goodwill of €17,823.2 thousand, representing the difference between the cost of the 100% interest in SDS acquired on 4 November 2015 and the fair value of the assets acquired and liabilities assumed (at the acquisition date).

Software licenses have finite useful lives and are amortised at a rate of 33%. No impairment losses were recognised in 2015. 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 under review:

Intangible assets (€000)	At 31 December 2014	Increases	Decreases	At 31 December 2015
Software	31,786.7	12,904.9		44,691.6
– Accumulated amortisation	(15,627.0)	(9,861.8)		(25,488.8)
Goodwill		17,823.2		17,823.2
Intangibles in progress	199.7	4,934.3		5,134.0
– Accumulated amortisation	0.0			0.0
Start-up and expansion costs	518.9	13.1		532.0
– Accumulated amortisation	(505.8)	(19.6)		(525.4)
Total	16,372.5	25,794.1	–	42,166.6

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 €7,977 thousand, and goodwill resulting from allocation of the price paid to acquire the SDS group, totalling €17,823.2 thousand, in accordance with the requirements of IFRS 3.

2. TANGIBLE ASSETS

Tangible assets total €7,664 thousand, an increase of €3,223 thousand compared with 31 December 2014.

Other tangible assets (€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Gross amount	13,642.4	8,110.0	5,532.4	68.2%
Accumulated depreciation	5,978.2	3,671.7	2,306.5	62.8%
Carrying amount	7,664.2	4,438.3	3,225.9	72.7%

The following table shows a breakdown of tangible assets:

Other tangible assets (€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Fixtures and fittings	1,782.4	921.3	861.1	93.5%
Computer equipment	5,493.4	3,255.5	2,237.9	68.7%
Telephone system	323.9	259.4	64.5	24.9%
Motor vehicles	8.7	–	8.7	n.s.
Leasehold improvements	55.8	2.1	53.7	2,557.1%
Carrying amount	7,664.2	4,438.3	3,225.9	72.7%

Other tangible assets primarily relate to assets used in operations: fixtures and fittings amounting to €1,783 thousand, net of accumulated depreciation, electronic equipment amounting to €5,493 thousand, net of accumulated depreciation, the telephone system amounting to €324 thousand, net of accumulated depreciation, and leasehold improvements amounting to €56 thousand, net of accumulated depreciation.

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

Other tangible assets (€000)	At 31 December 2014	Increases	Decreases	At 31 December 2015
Computer equipment	5,915.4	3,999.4		9,914.8
– Accumulated depreciation	(2,659.9)	(1,761.5)		(4,421.4)
Fixtures and fittings	1,523.5	1,158.6		2,682.1
– Accumulated depreciation	(602.2)	(297.5)		(899.7)
Telephone system	471.2	212.3		683.5
– Accumulated depreciation	(211.8)	(147.8)		(359.6)
Motor vehicles	0.0	17.5		17.5
– Accumulated depreciation		(8.8)		(8.8)
Leasehold improvements	199.8	144.7		344.5
– Accumulated depreciation	(197.7)	(91.0)		(288.7)
Total	4,438.3	3,225.9	–	7,664.2

The increase mainly relates to the purchase of new computers and electronic equipment during the period, totalling €3,999 thousand.

3. TECHNICAL PROVISIONS CEDED TO REINSURERS

At 31 December 2015, these provisions total €57,396 thousand, an increase of €2,992 thousand compared with 31 December 2014 (€54,403 thousand). A breakdown of the balance is provided below:

Technical provisions ceded to reinsurers (€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Non-life provisions				
Premium reserve	5,892.4	6,363.7	(471.3)	-7.4%
Outstanding claims provisions	21,850.1	15,967.0	5,883.1	36.8%
Other provisions	–	722.4	(722.4)	-100.0%
Life provisions		–	–	
Outstanding claims provisions	5,494.0	5,802.5	(308.5)	-5.3%
Mathematical provisions	24,159.2	25,547.7	(1,388.5)	-5.4%
Technical provisions where risk is borne by policyholders and pension fund provisions		–	–	
Other provisions		–	–	
Total	57,395.7	54,403.3	2,992.4	5.5%

The year-on-year increase in the amount of technical provisions ceded to reinsurers is due to growth of the business.

4. INVESTMENTS

Investments total €102,453,845 thousand at 31 December 2015, a 13.5% increase compared with the €90,263,862 thousand of 31 December 2014. They consist of the following:

Financial investments (€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Investments in associates	105,224.9	163,285.6	(58,060.7)	-35.6%
Loans and receivables	101,398.8	726,350.2	(624,951.4)	-86.0%
Available-for-sale financial assets	83,871,301.6	77,012,829.1	6,858,472.5	8.9%
Financial assets at fair value through profit or loss	18,375,919.6	12,361,397.3	6,014,522.3	48.7%
Total investments	102,453,844.9	90,263,862.1	12,189,982.8	13.5%

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 no longer used in operations – using the equity method. The figures for 2015 show that the company's equity amounts to €233.8 million and that it reported a profit for the year of approximately €0.9 million. During the year, the associate distributed reserves totalling €130.0 million, including €71.5 million to the shareholder, Poste Italiane SpA, and €58.5 million to the shareholder, Poste Vita SpA, as approved by the shareholders on 11 December 2015.

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

Loans and receivables

Loans and receivables amount to €101,399 thousand at 31 December 2015, compared with €726,350 thousand at 31 December 2014. They comprise the following:

Loans

Loans, amounting to €36,217 thousand at 31 December 2015 (€702,879 thousand at 31 December 2014), consist entirely of the amount held by Poste Italiane as part of the Group's cash management system. The reduction over the period is due to investment of the cash resulting from the subordinated bonds issued in 2014.

Receivables

Receivables of €65,182 thousand at 31 December 2015 (€23,471 thousand at 31 December 2014) regard subscriptions and the related capital calls on mutual funds for which the corresponding units have not yet been issued.

Available-for-sale financial assets

This item breaks down as follows:

Attività finanziarie disponibili per la vendita (€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Equity instruments	8,457.7	8,032.2	425.5	5.3%
Debt securities	82,246,732.5	75,511,704.7	6,735,027.8	8.9%
of which: government bonds	70,764,396.2	64,669,301.4	6,095,094.8	9.4%
corporate bonds	11,482,336.3	10,842,403.3	639,933.0	5.9%
UCITS units	1,616,111.4	1,493,092.2	123,019.1	8.2%
Total	83,871,301.6	77,012,829.1	6,858,472.5	8.9%

The increase of approximately €6,858,473 thousand, compared with 2014, reflects the positive operating performance and gains during the period. At 31 December 2015, unrealised net gains on securities classified as AFS amount to approximately €10,333,361 thousand, compared with approximately €9,620,214 thousand at the end of 2014. Of this amount, €10,018,246 thousand (€9,280,238 thousand at 31 December 2014) 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 €315,114 thousand (€339,975 thousand in 2014) refers to net gains on AFS securities included in the Company's free capital and therefore attributable to a specific equity reserve (equal to €218,862 thousand), net of the related taxation.

Equity instruments, classified in the AFS category, totalling €8,458 thousand (€8,032 thousand at 31 December 2014), relate to Class I products linked to separately managed accounts.

Debt securities of €82,246,732 thousand (€75,511,705 thousand at 31 December 2014) include €80,214,675 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 €2,032,057 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 €1,326,503 thousand, used to back specific Class I insurance policies.

UCITS units, totalling €1,616,111 thousand (€1,493,092 at 31 December 2014), consist of €1,231,405 thousand in mutual funds primarily invested in equities and €384,706 thousand in mutual funds that are mainly invested in bonds. For more details regarding the level of the fair value hierarchy assigned to the investments in this category, please see Annex 5 D.3, D.4, and D.5 to these financial statements.

Financial assets at fair value through profit or loss

At 31 December 2015, these assets amount to €18,375,920 thousand, compared with €12,361,397 thousand at 31 December 2014, and consist of the following:

Financial assets at fair value through profit or loss (€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Debt securities	7,558,586.9	7,370,424.2	188,162.8	2.6%
of which: government bonds	5,664,860.6	6,032,745.7	(367,885.1)	(6.1%)
corporate bonds	1,893,726.3	1,337,678.4	556,047.9	41.6%
Structured bonds	1,345,786.2	2,367,036.2	(1,021,250.1)	(43.1%)
UCITS units	9,227,304.6	2,417,564.0	6,809,740.5	281.7%
Derivatives	244,242.0	206,372.9	37,869.1	18.3%
Total	18,375,919.6	12,361,397.3	6,014,522.4	48.7%

Fixed income instruments, totalling €7,558,587 thousand (€7,370,424 thousand at 31 December 2014), include €5,664,861 thousand in stripped "BTP" Treasury Bonds purchased to back Class III insurance policies, with the remaining €1,893,726 thousand invested in corporate bonds issued by leading issuers and included in separately managed accounts.

Structured bonds, totalling €1,345,786 thousand (€2,367,036 thousand at 31 December 2014), relate to investments whose returns are linked to particular market indices, primarily designed to back insurance obligations to the holders of Class III index-linked policies, amounting to €775,952 thousand. The remaining amount regards investments not tied to contractual obligations and thus classified in the Company's free capital. The sum of €568,817 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 €1,043,203 thousand to cover corresponding Class III claims, partially offset by fair value gains of €21,953 thousand.

Other financial instruments, totalling €9,227,305 thousand (€2,417,564 thousand at 31 December 2014), regard UCITS units. This category primarily includes investments in the UCITS funds, Blackrock Diversified Distribution Fund and MFX Global Multi Asset, totalling €8,605,996 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 €621,309 thousand invested in unit-linked funds primarily backing unit-linked products. Derivatives amount to €244,242 thousand (€206,373 thousand at 31 December 2014) and consist of warrants backing index-linked products.

Warrants have a total nominal value of €5,558,057 thousand, down on the previous year (when the figure was €5,657,997 thousand) as a result of sales during the year.

Details of the Group's warrants are as follows:

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

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

5. SUNDRY RECEIVABLES

Sundry receivables at 31 December 2015 amount to €81,862 thousand, reflecting an increase of €9,972 thousand compared with 31 December 2014, when the figure was €71,990 thousand. This item consists of the following.

Sundry receivables (€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Receivables arising from direct insurance transactions	11,964.0	8,450.6	3,513.4	41.6%
Receivables arising from reinsurance transactions	4,183.0	3,823.3	359.7	9.4%
Other receivables	65,815.6	59,716.5	6,099.1	10.2%
Total sundry receivables	81,962.6	71,990.4	9,972.2	13.9%

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 divided among a large number of counterparties.

Receivables arising from direct insurance transactions

At 31 December 2015, this item amounts to €11,964 thousand, compared with €8,451 thousand at 31 December 2014, and consists of:

Receivables arising from direct insurance transactions (€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Due from policyholders	2,683.4	1,791.1	892.3	49.8%
Premiums receivable from agents	8,657.8	6,281.4	2,376.4	37.8%
Receivables arising from co-insurance agreements	622.8	378.1	244.7	64.7%
Total	11,964.0	8,450.6	3,513.4	41.6%

Amounts due from policyholders, totalling €2,683 thousand, reflecting uncollected premiums due and payable on the basis of a prudent assessment.

Receivables due from policyholders include €856 thousand in uncollected non-life premiums for the year. The remaining €1,828 thousand regards life insurance premiums for the year that have yet to be collected at the end of the period.

Amounts due from agents, totalling €8,658 thousand at 31 December 2015 (€6,281 thousand at 31 December 2014), refer to premiums already collected during the last days of the year which, despite already having been collected by the agent at 31 December 2015, were paid to the Company early in January 2016.

Of the €8,658 thousand receivable, €8,622 thousand is due from the agent, Poste Italiane, and regards premiums written during the last days of the year, which are settled subsequently. These receivables were paid in January 2016.

Receivables from co-insurance agreements amount to €623 thousand at 31 December 2015 (€378 thousand at 31 December 2014) and relate to the co-insurance agreement with Eurizon Vita SpA. These are amounts owed by this company to Poste Vita in its capacity as lead agent for products placed before 30 September 2004.

Receivables arising from reinsurance transactions

These receivables amount to €4,183 thousand at the end of the period, compared with €3,823 thousand at the end of the previous year.

This receivable consists of amounts to be recovered from reinsurers for claims and commissions.

The increase with respect to the previous year reflects growth of the business.

Other receivables

Other receivables total €65,816 thousand at 31 December 2015 (€59,716 thousand at 31 December 2014) and consist of the following:

Other receivables (€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Due from policyholders for stamp duty	58,276.0	56,486.4	1,789.6	3.2%
Due from Poste Italiane Group companies	2,390.4	2,126.7	263.7	12.4%
Due from third parties	2,823.9	1,035.2	1,788.7	172.8%
Miscellaneous receivables	2,325.3	68.2	2,257.1	3,308.8%
Total	65,815.6	59,716.5	6,099.1	10.2%

Due from policyholders for stamp duty, in the amount of €58,276 thousand, refers to stamp duty⁽¹⁾ on Class III and V financial policies.

The item “Due from Poste Italiane Group companies”, amounting to €2,390 thousand at 31 December 2015, primarily relates to a sum due from Bancoposta Fondi SGR for VAT paid in 2013 on invoices issued for management fees on the investment of insurance assets. This sum has yet to be settled at 31 December 2015 and amounts to €2,006 thousand.

The amount due from third parties primarily reflects advances to suppliers and receivables outstanding with suppliers not belonging to the Poste Italiane Group.

Miscellaneous receivables, totalling €2,325.6 thousand, refer primarily to amounts due as commissions on internal funds, amounting to €2,059 thousand

6. OTHER ASSETS

Other assets total €1,461,033 thousand, an increase of €203,662 thousand compared with 31 December 2014, and include the following:

Other assets (€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Deferred acquisition costs	56,494.4	52,517.4	3,977.0	7.6%
Deferred tax assets	12,586.6	8,442.0	4,144.6	49.1%
Current tax assets	1,390,533.2	1,194,568.3	195,964.9	16.4%
Sundry assets	1,418.7	1,843.3	(424.6)	-23.0%
Total	1,461,032.9	1,257,371.0	203,661.9	16.2%

Deferred acquisition costs amount to €56,494 thousand at the end of the period (€52,517 at 31 December 2014). They include €54,584 thousand in unamortised deferred management fees attributable to individual pension plans (*FIP - Forme Individuali di Previdenza*) and €1,910 thousand in unamortised fees paid to Poste Italiane on sales of non-life policies. The increase compared with 2014 is due to the growth in premiums relating to Individual Pension Plan products during the period.

Deferred tax assets, amounting to €12,587 thousand (€8,442 thousand at 31 December 2014), are calculated as the total of the temporary differences arising between the carrying amounts of assets and liabilities and their tax bases, in accordance with IAS 12 and to the extent deemed to be recoverable.

Changes in deferred tax assets in 2015 are shown below:

(€000)	2015
Deferred tax assets At 31 December 2014	8,442
– change accounted for in the income statement	4,009
– change accounted for in equity	136
Deferred tax assets At 31 December 2015	12,586.6

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

Current tax assets, amounting to €1,390,533 thousand (€1,194,568 at 31 December 2014), mainly relate to tax credits on mathematical provisions under Law 191/2004, totalling approximately €1,371,637 thousand (€1,168,918 thousand at 31 December 2014), prepayments of corporate income tax (IRES) for 2015 to the parent under the tax consolidation

(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.

arrangement, totalling €13,453 thousand (€1,487 thousand at 31 December 2014), and the prepayment of IRAP of €2,267 thousand (€20,917 thousand at 31 December 2014).

Sundry assets amount to €1,419 thousand at the end of the period (€1,086 thousand at 31 December 2014). They primarily regard prepaid expenses.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounts to €1,608,061 thousand at 31 December 2015, compared with €655,919 thousand at the end of 2014.

This item breaks down as follows:

Disponibilità liquide (€000)	At 31 December 2015	At 31 December 2014	At 31 December 2015	
Bank deposits	1,494,892.1	594,927.3	899,964.8	151.3%
Post office deposits	113,163.1	60,988.5	52,174.6	85.5%
Cheques and cash in hand	6.0	3.6	2.4	66.7%
Total	1,608,061.2	655,919.4	952,141.8	145.2%

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”, which will be invested in 2016 on the basis of market trends.

LIABILITIES AND EQUITY

1. EQUITY

At 31 December 2015, equity attributable to owners of the Parent amounts to €3,276,963 thousand (€3,084,240 at 31 December 2014). Changes in individual reserves are shown in the statement of changes in equity.

The various components of equity are as follows:

Equity (€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Share capital	1,216,607.9	1,216,607.9	(0.0)	0.0%
Revenue reserves and other equity reserves:	1,493,618.9	1,318,772.0	174,846.9	13.3%
<i>Legal reserve</i>	<i>86,999.5</i>	<i>72,322.9</i>	<i>14,676.6</i>	<i>20.3%</i>
<i>Extraordinary reserve</i>	<i>648.0</i>	<i>648.0</i>	<i>0.0</i>	<i>0.0%</i>
<i>Organisation fund</i>	<i>2,582.3</i>	<i>2,582.3</i>	<i>0.0</i>	<i>0.0%</i>
<i>Negative goodwill</i>	<i>426.0</i>	<i>426.0</i>	<i>0.0</i>	<i>0.0%</i>
<i>Retained earnings</i>	<i>1,402,961.1</i>	<i>1,242,792.8</i>	<i>160,168.3</i>	<i>12.9%</i>
<i>Reserve for share-based payments</i>	<i>2.0</i>	<i>0.0</i>	<i>2.0</i>	<i>n.s.</i>
Valuation reserve for AFS financial assets	218,862.9	224,113.2	(5,250.3)	(2.3%)
Other gains or losses recognised directly through equity	(54.3)	(85.1)	30.8	(36.2%)
Profit for the period	347,927.3	324,831.5	23,095.8	7.1%
Total	3,276,962.66	3,084,239.5	192,723.2	6.2%

Changes during the period primarily reflect: i) profit for the period of €347,927 thousand, ii) the reduction in the valuation reserve for available-for-sale financial assets included in the Parent Company's free capital (€5,250 thousand) and iii) the payment of dividends of €150,000 thousand to the shareholder, Poste Italiane, as approved by the General Meetings of 27 April 2015 and 16 December 2015.

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

RECONCILIATION BETWEEN THE PARENT COMPANY'S FINANCIAL STATEMENTS AND THE IAS/IFRS CONSOLIDATED FINANCIAL STATEMENTS

	Profit/ (Loss)	Changes in equity	Equity	Profit/ (Loss)	Changes in equity	Equity
	2014	2014	At 31 December 2014	2015	2015	At 31 December 2015
Italian GAAP financial statements	293,533	(80,000)	2,760,850	300,045	(150,000)	2,910,895
Measurement of financial assets	33,289		104,830	82,364		187,194
Measurement of AFS financial assets less deferred policyholder liabilities	0	70,592	215,429	0	(6,709)	208,720
Adjustment for measurement of investments (cost method)	25,043		(26,844)	6,678		(20,167)
Actuarial gains/(losses) on employee benefits	0	(82)	(66)	0	35	(31)
Adjustment for deferred acquisition costs	0		0	0		0
Other minor adjustments	(524)		532	2		534
Parent Company's IAS/IFRS financial statements	351,341	(9,489)	3,054,731	389,089	(156,674)	3,287,146
Retained earnings of consolidated subsidiary	7,537	(5)	17,402	9,307	1	26,705
Valuation reserve for subsidiary's AFS financial assets at fair value	0	5,391	8,684	0	1,459	10,142
Measurement of investment using the equity method	(33,730)	(4)	3,740	(50,587)	15	(46,833)
Elimination of effects of intercompany transactions	(317)		(317)	119		(198)
IAS/IFRS consolidated financial statements	324,832	(4,107)	3,084,240	347,927	(155,200)	3,276,963

2. PROVISIONS

Provisions total €11,187 thousand at the end of 2015, compared with €10,650 thousand at the end of the previous year. 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.

The increase of €0.5 million compared with 31 December 2014 primarily reflects provisions made during the period to cover potential liabilities resulting from legal disputes pending at the end of the period.

3. TECHNICAL PROVISIONS

Technical provisions total €100,314,238 thousand at 31 December 2015, up €13,094,720 thousand on the €87,219,518 thousand of 31 December 2014. Technical provisions break down as follows:

Technical provisions (€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Non-life classes:				
Premium reserve	43,745.1	39,605.1	4,140.0	10.5%
Outstanding claims provisions	68,292.4	45,531.1	22,761.3	50.0%
Other technical provisions	281.3	4,639.0	(4,357.7)	(93.9%)
Total non-life classes	112,318.8	89,775.2	22,543.6	25.1%
Life classes:				
Mathematical provisions	82,012,782.8	68,638,821.4	13,373,961.4	19.5%
Technical provisions where risk is borne by policyholders	7,218,466.8	8,503,477.6	(1,285,010.8)	(15.1%)
Outstanding claims provisions	1,178,839.5	474,727.2	704,112.3	148.3%
DPL provisions	9,711,791.6	9,427,809.2	283,982.4	3.0%
Other technical provisions	80,038.8	84,907.6	(4,868.8)	(5.7%)
Total life classes	100,201,919.5	87,129,743.0	13,072,176.5	15.0%
Total	100,314,238.3	87,219,518.2	13,094,720.1	15.0%

Non-life technical provisions

Non-life technical provisions, before provisions ceded to reinsurers, consist of: the premium reserve of €43,745 thousand, outstanding claims provisions of €68,292 thousand and other provisions relating solely to the aging reserve of €281 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.

The increase in the premium reserve (calculated on an accruals basis over the duration of contracts for each product, based on accrued premium revenue, less accrued acquisition costs) reflects the positive contribution resulting from the release of provisions for current risks, totalling €4,400 thousand, reflecting the positive performance of non-life premium revenue. As at 31 December 2014, the empirical method has been used in calculating provisions for current risks, based on the average ratio of claims to premiums in the five years from 2011 to 2015, appropriately weighted in order to take into account the significance of premiums written in individual years.

Outstanding claims provisions include provisions for claims incurred but not reported (IBNR), amounting to €15,760 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 €78,147 thousand, provisions for supplementary insurance premiums, totalling €1,673 thousand, and provisions for with-profits policies, amounting to €219 thousand. Provisions for deferred liabilities to policyholders, accrued according to the shadow accounting method, pursuant to paragraph 30 of IFRS 4, are linked to the change in the fair value of the financial instruments in which the provisions are invested. Despite heightened market volatility, the provisions remained at approximately €9,711,792 thousand, broadly in line with the value at the beginning of the year, amounting to €9,427,809 thousand.

4. FINANCIAL LIABILITIES

Financial liabilities break down as follows:

Financial liabilities (€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Financial liabilities held for trading				
Financial liabilities designated at fair value through profit or loss				
Other financial liabilities	1,211,890.1	1,300,853.6	(88,963.5)	-6.8%
Total	1,211,890.1	1,300,853.6	(88,963.5)	-6.8%

Other financial liabilities, totalling €1,211,890 thousand at 31 December 2015, include €758,096 thousand relating to subordinated bonds issued by the Company in May 2014, including accrued interest on the bonds and the issue discount. The remaining €453,794 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 amount to €206,832 thousand at 31 December 2015, up €75,456 thousand on the €131,376 thousand of 31 December 2014. The following table shows a breakdown and changes with respect to the previous year:

Payables (€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Payables arising from direct insurance transactions	141,262.3	87,663.2	53,599.1	61.1%
Payables arising from reinsurance transactions	8,067.1	8,567.4	(500.3)	-5.8%
Other payables	57,503.0	35,145.3	22,357.7	63.6%
Total	206,832.4	131,375.9	75,456.5	57.4%

Payables arising from direct insurance transactions:

Payables arising from direct insurance transactions (€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Commissions payable to Poste Italiane	140,374.9	87,067.6	53,307.3	61.2%
Due to policyholders	615.0	247.8	367.2	148.2%
Payables arising from co-insurance agreements	272.4	347.8	(75.4)	-21.7%
Total	141,262.3	87,663.2	53,599.1	61.1%

This item, totalling €140,375 thousand (€87,067 thousand at the end of 2014), refers to invoices to be received from the parent, Poste Italiane SpA, for commissions earned on the sale of insurance products in the fourth quarter of 2015. These will be settled in early 2016.

Amounts due to policyholders, totalling €615 thousand (€248 thousand at 31 December 2014), mainly relate to payables to policyholders arising in the period for amounts collected that are subject to refund.

Payables arising from co-insurance agreements, amounting to €272 thousand (€348 thousand at 31 December 2014), relate to the co-insurance agreement with Eurizon Vita SpA. These are amounts owed to it by the Company in its capacity as lead agent for products placed before 30 September 2004.

Payables arising from reinsurance transactions

Amounts due to reinsurers at 31 December 2015 amount to €8,067 thousand (€8,567 thousand at 31 December 2014). 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, totalling €57,503 thousand at the end of 2015 (€37,145 thousand at 31 December 2014), breaks down as follows:

Other payables (€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Trade payables	34,051.5	20,730.2	13,321.3	64.3%
Provision for Partecipa product	–	–	–	n.s.
Due to Poste Italiane Group suppliers	8,678.5	8,203.0	475.5	5.8%
Due to employees	4,733.2	2,687.4	2,045.8	76.1%
<i>of which post-employment benefits</i>	2,190.5	991.5	1,199.0	120.9%
Due to MEF	1,555.1	1,919.5	(364.4)	(19.0%)
Payables arising from fund purchases	4,668.5	1,260.7	3,407.7	270.3%
Sundry payables	3,816.3	344.4	3,471.9	1,008.1%
Total	57,503.0	35,145.3	22,357.7	63.6%

Trade payables of €34,051 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 (€8,678 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 €1,555 thousand at 31 December 2015, relate 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". This amount will be paid in May 2016.

The amount of payables for fund purchases, amounting to €4,668 thousand, refers to funds purchased and not yet paid for at the end of 2015. These transactions will be settled in early 2016.

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 30 November 2015. In the case of unpaid terminated employees or those on fixed-term contracts, i.e. employees who have already terminated or who will terminate their employment in the coming months and whose vested post-employment benefits have yet to be paid, no projection

was made on an individual basis. The resulting IAS 19 liability was thus assumed to equal the statutory provisions made. The actuarial assessment of post-employment benefits is based on a number of assumptions of a demographic and financial nature.

Certain of the assumptions used are explicitly based on the Company's direct historical experience, others are based on the related best practices.

The actuarial assumptions used are shown below:

TABELLA 5.1: RIEPILOGO DELLE BASI TECNICHE ECONOMICHE

	At 31 December 2015	At 30 June 2015
Tasso annuo di attualizzazione	2.03%	2.06%
Tasso annuo di inflazione	1.50% per il 2016	0.60% per il 2015
	1.80% per il 2017	1.20% per il 2016
	1.70% per il 2018	1.50% per il 2017 e 2018
	1.60% per il 2019	2.0% dal 2019 in poi
	2.00% dal 2020 in poi	
Tasso annuo incremento TFR	2.625% per il 2016	1.950% per il 2016
	2.850% per il 2017	2.400% per il 2016
	2.775% per il 2018	2.625% 2017 e 2018
	2.700% per il 2019	3.000% dal 2019 in poi
	3.000% dal 2020 in poi	

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

Post-employment benefits (€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Opening balance ^(*)	2,448.0	823.3	1,624.7	197.3%
Service cost	62.7	36.6	26.1	71.2%
Interest cost	21.2	23.3	(2.1)	(9.1%)
Benefits paid	(290.8)	0.0	(290.8)	n.s.
Transfers in/(out)	(5.4)	(23.7)	18.4	(77.4%)
Actuarial (Gains)/Losses	(45.2)	132.0	(177.2)	(134.2%)
Closing balance^(*)	2,190.5	991.5	1,199.0	120.9%

(*) includes amounts attributable to SDS, a company acquired on 4 November 2015

6. OTHER LIABILITIES

These items amount to €691,018 thousand at the end of 2015, compared with €577,720 thousand at the end of the previous year, and break down as follows:

Other liabilities (€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Liabilities included in disposal groups held for sale				
Deferred tax liabilities	184,308.4	165,859.0	18,449.4	11.1%
Current tax liabilities	500,067.6	407,229.3	92,838.3	22.8%
Other liabilities	6,641.8	4,631.4	2,010.4	43.4%
Total	691,017.7	577,719.7	113,298.0	19.6%

Changes in deferred tax liabilities in 2015 are shown below:

(€000)	2015
Deferred tax liabilities At 31 December 2014	165,859.0
– change accounted for in the income statement	37,235.4
– change accounted for in equity	(18,786.0)
Deferred tax liabilities At 31 December 2015	184,308.4

Temporary differences accounted for in the income statement originate mainly from the increased amount of finance 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 €500,068 thousand, consist of the following:

Current tax liabilities (€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Advance payment in relation to reserve for Law Decree 209/2002	384,662.4	334,096.3	50,566.1	15.1%
Stamp duty payable	57,076.7	54,372.7	2,704.0	5.0%
Substitute tax payable on individual pension plans (FIP)	12,922.3	10,530.5	2,391.8	22.7%
Withholding taxes on life policies	40,828.4	5,513.8	35,314.6	640.5%
Current tax expense	2,352.0	580.3	1,771.7	n.s.
Other	2,225.8	2,135.7	90.1	4.2%
Total	500,067.6	407,229.3	92,838.3	22.8%

The tax on reserves for 2015 (€384,662 thousand) refers to the payment on account due on mathematical provisions for 2015. This will be paid in May 2016. The increase with respect to the previous year reflects the increase in mathematical provisions during the period.

At the end of the year under review, 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⁾, amounts to €57,077 thousand.

Substitute taxes payable on individual pension plans (*FIP – Forme Individuali di Previdenza*) amount to €12,922 thousand. The increase compared with the previous year is due to the growth in premiums relating to Individual Pension Plan products during the period.

Payables for withholding and substitute taxes on amounts paid for life policies are €40,828 thousand at the end of 2015. Deferred tax liabilities of €184,308 thousand at 31 December 2015 include the tax effect of all temporary tax differences, to be reversed in future years, mainly attributable to financial asset adjustments.

Other liabilities

Other liabilities at 31 December 2015 amount to €6,642 thousand (€4,631 thousand at 31 December 2014) 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.

4 Part D – Notes to the consolidated income statement

NET PREMIUM REVENUE

Consolidated net premium revenue for 2015 amounts to €18,198,817 thousand, up €2,725,615 thousand compared with the €15,473,201 thousand of the previous year.

Gross premium revenue amounts to €18,238,487 thousand, up 17.5% on the figure for 2014 (€15,517,137 thousand). Total outward reinsurance premiums amount to €39,929 thousand for 2015, compared with €36,831 thousand in 2014.

(€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Gross life premium revenue	18,145,403	15,428,700	2,716,702.7	17.6%
Gross non-life premium revenue	93,084	88,437	4,647.1	5.3%
Total gross premium revenue	18,238,487	15,517,137	2,721,349.8	17.5%
Change in gross premium reserve	259.8	(7,828.5)	8,088.3	-103.3%
Gross premium revenue	18,238,747	15,509,309	2,729,438.1	17.6%
Outward life reinsurance premiums	(14,759.4)	(12,106.7)	(2,652.7)	21.9%
Outward non-life reinsurance premiums	(25,169.4)	(24,724.4)	(445.0)	1.8%
Total outward reinsurance premiums	(39,928.8)	(36,831.1)	(3,097.7)	8.4%
Change in share of premium reserve attributable to reinsurers	(1.1)	724	(724.9)	-100.1%
Outward reinsurance premiums	(39,929.8)	(36,107.2)	(3,822.6)	10.6%
Total net premium revenue	18,198,817	15,473,201	2,725,615.6	17.6%

All gross premium revenue attributable to the Insurance Group's portfolio falls within the scope of IFRS 4. With regard to life premiums, €17,942,674 thousand regards with-profits policies, whilst €202,729 thousand relates to without-profits policies.

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

Financial assets at fair value through profit or loss generated a loss of €48,738 thousand in 2015, compared with income of €719,703 thousand in 2014. This reflects the impact of financial market trends, which generated net fair value losses of €532.1 million during the period, compared with net gains of €358.7 million in 2014.

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

(€000)	Interest	Other income (expenses), net	Net realised gains/(losses)	Net unrealised gains/(losses)	"Total income (expenses), net
Year ended 31 December 2015	"				
Income and expenses from financial assets at fair value through profit or loss	327,388	138,970	17,390	(532,486)	(48,738)
Year ended 31 December 2014					
Income and expenses from financial assets at fair value through profit or loss	334,282	(1,113)	27,846	358,687	719,703
Increase/(decrease)	(6,894)	140,083	(10,456)	(891,173)	(768,441)

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

This item totals €2,663,301 thousand for 2015, down €54,037 thousand on the figure for 2014, amounting to €2,717,338 thousand. The item breaks down as follows:

2015 (€000)	Interest	Other income (expenses), net	Net realised gains/(losses)	Net unrealised gains/(losses)	"Total income (expenses), net
Income and expenses from available-for-sale financial assets	"	294,462	329,100	–	2,699,810
Income from cash and cash equivalents	359	–	–	–	359
Income and expenses from loans and receivables	1,632	–	–	–	1,632
Income and expenses from other financial liabilities	(38,899)	–	–	–	(38,899)
Income and expenses from investments in associates	–	–	–	425	425
Total	2,039,339	294,462	329,100	425	2,663,326

2014 (€000)	Interest	Other income (expenses), net	Net realised gains/(losses)	Net unrealised gains/(losses)	"Total income (expenses), net
Income and expenses from available-for-sale financial assets	"	59,312.6	330,762	–	2,741,114
Income from cash and cash equivalents	5,084.5	–	–	–	5,085
Income and expenses from loans and receivables	2,878.7	–	–	–	2,879
Income and expenses from other financial liabilities	(31,758.7)	–	–	–	(31,759)
Income and expenses from investments in associates	–	–	–	20	20
Total	2,327,244	59,313	330,762	20	2,717,338
Increase/(decrease)	(287,905)	235,149.4	(1,661.6)	404.5	(54,012)

Net income generated from investments in 2015 amounts to €2,662.9 million, after excluding unrealised gains or losses, and is in line with the €2,717.3 million of 2014.

Despite a market environment marked by falling yields on government securities, net income from financial assets classified as available-for-sale amounts to €2,699,810 thousand for 2015, in line with the €2,741,114 thousand of 2014, reflecting growth in the volume of assets under management.

A small part of net expenses of approximately €36,508 thousand for the period under review (€23,775 thousand in 2014) relates to interest expense on subordinated debt, totalling €38,899 thousand, whilst €359 thousand relates to interest income on bank and post office current accounts, €1,632 thousand to interest earned on the current account held with Poste Italiane, and €425 thousand to the Group's share of EGI's profit for the period.

1.6 OTHER INCOME

This item amounts to €2,182 thousand for 2015, compared with €272 thousand for 2014, and relates primarily to the following: i) revenue 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 €92 thousand; iii) accrued interest at the end of the year on refundable IRES as a result of the applications for refunds filed for the years from 2004 to 2007, in accordance with Law Decree 185/2008, in relation to the 10% lump-sum deduction from IRAP, and for the years from 2007 to 2011, in accordance with Law Decree 201/2011, relating to the deductibility of IRAP paid on personnel expenses, totalling €29 thousand; iv) the recovery of claims paid in previous years, totalling €120 thousand, and v) the recovery of personnel expenses, totalling €166 thousand.

2.1 NET CLAIMS EXPENSES

Total claims expenses, after the share attributable to reinsurers, total €19,694,895 thousand, compared with €17,893.448 thousand for the previous year.

Total amounts paid, including allocated settlement costs and the change in technical provisions, amount to €19,709,907 thousand for 2015, compared with €17,915,760 thousand for the previous year. These expenses break down as follows:

(€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Non-life business				
Claims paid	16,537.6	14,238.3	2,299.3	16.1%
Change in outstanding claims provisions	22,761.3	19,425.6	3,335.7	17.2%
Change in recoveries	–	–		
Change in other technical provisions	42.1	(167.8)	209.9	(125.1%)
Costs of settling claims	2,559.3	2,097.1	462.2	22.0%
Total non-life business	41,900.3	35,593.1	6,307.2	17.7%
Life business				
Claims paid	7,317,302.0	5,276,677.1	2,040,624.8	38.7%
Change in outstanding claims provisions	704,112.4	245,383.2	458,729.1	186.9%
Change in mathematical provisions	13,381,313.9	12,915,448.5	465,865.4	3.6%
Change in technical provisions where the investment risk is borne by policyholders and deriving from pension fund management	(1,285,010.8)	(686,699.0)	(598,311.8)	87.1%
Change in other technical provisions	(458,894.5)	121,289.2	(580,183.7)	(478.3%)
Costs of settling claims	9,183.4	8,068.1	1,115.3	13.8%
Total life business	19,668,006.3	17,880,167.1	1,787,839.1	10.0%
Total claims paid and change in technical provisions	19,709,906.6	17,915,760	1,794,146.3	10.0%

The share attributable to reinsurers amounts to €15,011 thousand, compared with €22,312 thousand for the previous year, and breaks down as follows:

(€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Non-life business				
Claims paid	5,900.5	5,384.0	516.5	9.6%
Change in outstanding claims provisions	6,366.1	5,876.3	489.7	8.3%
Change in other technical provisions	0.0	(39.3)	39.3	-100.0%
Costs of settling claims	328.96	251.7	77.2	30.7%
Total non-life business	12,596	11,473	1,122.8	9.8%
Life business				
Claims paid	4,103.2	3,449.5	653.7	19.0%
Change in outstanding claims provisions	(308.5)	2,211.4	(2,519.8)	-113.9%
Change in mathematical provisions	(1,388.4)	5,166.8	(6,555.2)	-126.9%
Costs of settling claims	10.1	11.5	(1.4)	n.s.
Total life business	2,416.4	10,839.1	(8,422.8)	-77.7%
Total claims paid and change in technical provisions	15,011.9	22,311.9	(7,300.0)	-32.7%

2.5 OPERATING COSTS

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

(€000)	At 31 December 2015	At 31 December 2014	Increase/(decrease)	
Non-life business				
Commissions and other acquisition costs:	21,305.3	20,661.5	643.8	3.1%
<i>Acquisition commissions</i>	16,933.3	17,094.6	(161.3)	-0.9%
<i>Other acquisition costs</i>	4,371.9	3,566.9	805.0	22.6%
Commissions and share of profit received from reinsurers	(10,835.9)	(10,487.5)	(348.4)	3.3%
Total non-life business	10,469.4	10,174.0	295.4	2.9%
Life business				
Commissions and other acquisition costs:	414,514.1	351,852.5	62,661.7	17.8%
<i>Acquisition commissions</i>	382,837.7	327,542.5	55,295.2	16.9%
<i>Other acquisition costs</i>	31,676.5	24,310.0	7,366.5	30.3%
Commissions and share of profit received from reinsurers	(2,136.3)	(1,832.2)	(304.1)	16.6%
Total life business	412,377.8	350,020.3	62,357.5	17.8%
Investment management expenses	37,735.5	32,823.0	4,912.5	15.0%
Other administrative expenses	55,884.2	47,353.5	8,530.7	18.0%
Total operating costs	516,466.9	440,370.8	76,096.1	17.3%

Acquisition commissions, net of the change in unamortised deferred acquisition costs, amounting to €399,771 at the end of 2015 (€344,637 thousand in 2014), reflect commissions related to the sale of insurance products paid to Poste Italiane SpA's distribution network. Commissions relating to long-term contracts are amortised in accordance with ISVAP Regulation 22 of 4 April 2008.

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

Other acquisition costs, amounting to €36,048 thousand (€27,877 thousand in 2014), include expenses arising from the sale of insurance policies, other than acquisition commissions. Specifically, this sub-item includes advertising expenses incurred to market insurance products, administrative costs incurred in handling applications and drawing up policies, as well as employee expenses allocated, in whole or in part, to operational units or operations.

Commissions and the share of profit received from reinsurers, totalling €12,972 thousand for 2015 (€12,320 thousand for 2014), include commissions paid to the Company by reinsurers, calculated on the share of premiums ceded under the relevant treaties.

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 €55,884 thousand for 2015, compared with €47,353 thousand for 2014.

Investment management expenses of €37,735 thousand for 2015, compared with €32,823 thousand for 2014, include portfolio management fees of €24,599 thousand, fees for the custody of securities, totalling €2,441 thousand, and overheads of €10,695 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 €42,522 thousand for 2015, compared with €36,575 thousand for 2014. These costs relate mainly to: i) maintenance commissions paid to the agent, totalling €23,366 thousand; ii) substitute tax of €12,806 thousand payable on gains on the separately managed account, Posta Pensione; iii) accrued charges incurred by the Company in 2014 in relation to dormant policies, totalling €1,500 thousand, and payable to the MEF in May 2016; iv) provisions of €537 thousand made during the period to cover potential liabilities resulting from legal disputes pending at the end of the period, and only partially due to the upward revision of previous estimates of the exposure relating to expired policies; v) €983 thousand relating to the reversal of premiums collected in previous years; vi) overheads of €1,232 thousand allocated to this item; and vii) the share of the profit passed on to policyholders, totalling €924 thousand.

INCOME TAX EXPENSE

Income tax expense for 2015, amounting to €216,027 thousand, includes €182,801 thousand in current IRES and IRAP expense and €33,226 thousand in net deferred tax expense, as shown below.

(€000)	2015
Current taxation	182,801.0
– IRES	158,158.4
– IRAP	24,642.5
Deferred taxation:	33,226.5
– deferred tax liabilities arising during the period	42,751.7
– deferred tax liabilities used during the period	(5,516.7)
– deferred tax assets arising during the period	(7,063.0)
– deferred tax assets used during the period	3,054.5
Total	216,027.4

Deferred tax income and expense is calculated according to the tax rates expected to be applied during the year in which the assets are recovered, based on information available at the end of the period. In particular, 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 IRES rate to 24% from the 2017 tax year, and the requirements of Italian accounting standard OIC 25. It has, therefore, proceeded to recalculate deferred tax assets and liabilities recognised in the financial statements applying the IRES rate of 24% to temporary differences expected to be deductible or taxable from 1 January 2017.

The net amount recognised in the income statement in relation to changes in deferred tax liabilities amounts to €37,235 thousand. This amount is primarily influenced by provisions for deferred tax liabilities for IRES and IRAP on the increased amount of finance income for the purposes of IAS/IFRS, compared with the income recognised on the basis of tax regulations.

Changes in deferred tax assets have resulted in deferred tax income of €4,008 thousand, which mainly reflects provisions for risks, provisions for personnel expenses and adjustments for changes in the value of equity instruments held as current assets by Poste Vita, as well as other charges, such as impairments and losses on receivables and the non-deductible excess amount of the change in Poste Assicura's outstanding claims provisions, which will be deductible in equal instalments over future years.

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

(€000)	Amount	Tax rate
Profit before tax	563,955	
Income tax based on statutory tax rate (only IRES at 27.5%)	155,088	27.50%
Change in life technical provisions	51,657	9.16%
Non-deductible interest expense	414	0.07%
Non-deductible extraordinary expenses	304	0.05%
Tax free dividends	(16,099)	(2.85%)
Deduction of IRAP from IRES	(653)	(0.12%)
ACE (aid for economic growth) relief	(19,641)	(3.48%)
Other	12,455	2.21%
Corporate income tax (IRES)	183,525	32.54%
IRAP (regional business tax)	32,503	5.76%
Income tax expense for the period	216,027.4	38.3%

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 2014.

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

STATEMENT OF FINANCIAL POSITION

Assets (€000)	At 31 December 2014	At 31 December 2013
Non-current assets	46,208,447	44,218,826
Current assets	21,201,468	18,671,539
Inventories		
Non-current assets held for sale	–	–
TOTAL ASSETS	67,409,915	62,890,365
EQUITY AND LIABILITIES	At 31 December 2014	At 31 December 2013
Equity		
Share capital	1,306,110	1,306,110
Reserves	2,933,893	1,801,921
Retained earnings	2,264,920	2,322,175
Total	6,504,923	5,430,206
Non-current liabilities	8,016,804	8,151,766
Current liabilities	52,888,188	49,308,393
TOTAL EQUITY AND LIABILITIES	67,409,915	62,890,365

STATEMENT OF PROFIT OR LOSS

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

5

Part E – Other information

Personnel

The Group employs a total of 452 people at 31 December 2015, compared with 336 at 31 December 2014. The figure for 2015 includes 73 staff employed by S.D.S. System Data Software Srl and S.D.S. Nuova Sanità Srl, wholly owned subsidiaries acquired on 4 November 2015. The transaction falls within the wider strategic objective of broadening the Insurance Group's offering of health insurance for individuals and groups of people.

Workforce breakdown	At 31 December 2015	At 31 December 2014	Increase/ (decrease)
Executives	40	32	8
Middle managers	175	129	46
Operational staff	227	170	57
Personnel on fixed-term contracts	10	5	5
Direct employees	452	336	116

Recruitment during the year highlights the Parent Company's aim to satisfy two primary needs. On the one hand, the need to reinforce controls, entailing improvements to processes and a strengthening of the internal control system. The latter has included the recruitment of a significant number of staff to work on combatting money laundering (9 people, including a number with prior expertise and juniors). On the other hand, the need to support the growth in business and the various strategic projects already launched, some of a long-term nature, and also to build on the Group's specialist expertise (actuarial, financial and welfare-related).

Disclosure of fees paid to the independent auditors and for services other than audit

In compliance with the provisions of art. 49-duodecies of the CONSOB's Regulations for Issuers, the fees paid to BDO Italia SpA for auditing the separate and consolidated financial statements in 2015 amount to €128 thousand. Fees paid for services relating to the audit of reports for the separately managed accounts, the conduct of compliance reviews for the annual reports prepared for internal insurance funds and the audit of the accounts of the investee, Poste Assicura SpA, amount to €395 thousand, after expenses and VAT. These services are carried out by the audit firm, PricewaterhouseCoopers SpA. In addition, fees of €195 thousand, after expenses and VAT, were also paid to companies within PricewaterhouseCoopers SpA's network for attestation services linked to audits.

Solvency margin

The items included in the solvency margin, calculated on a consolidated basis, amount to €4,159 million, compared with a required margin of €3,579 million. The resulting solvency ratio at the end of 2015 is 1.16. Further details can be found in the spreadsheet prepared in accordance with Annex 1 of ISVAP Regulation 18.

Events after 31 December 2015

There have been no material events after the end of the reporting period.



Part F – 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:

Related party (€000)	At 31 December 2015		At 31 December 2014	
	Assets	Liabilities	Assets	Liabilities
Associate	105,225		163,286	
Other related parties	2,765,577	602,944	3,674,841	639,118

Related party (€000)	At 31 December 2015		At 31 December 2014	
	Income	Costs	Income	Costs
Associate	425		20	
Other related parties	106,109	468,745	152,506	407,759

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 31 December 2015, 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 31 December 2015, assets include the value of the investment in the associate, Europa Gestioni Immobiliare SpA (EGI), totalling €105,225 thousand, whilst revenue includes the Group's share of the associate's profit for the year, amounting to €425 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 Energia, Poste Mobile, Poste Assicura, PosteShop, Poste Tributi, Bancoposta Fondi SGR and Mistral).

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

Rome, 21 March 2016

The Board of Directors





Annexes



STATEMENT OF FINANCIAL POSITION BY OPERATING SEGMENT

(€000)	Non-life business		Life business	
	At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014
1 INTANGIBLE ASSETS	12,421	8,086	29,944	8,286
2 TANGIBLE ASSETS	725	259	6,939	4,179
3 TECHNICAL PROVISIONS CEDED TO REINSURERS	27,742	23,053	29,653	31,350
4 INVESTMENTS	142,996	120,151	102,339,025	90,171,886
4.1 Investment property	–	–	–	–
4.2 Investments in subsidiaries, associates ad joint ventures	–	–	133,400	191,461
4.3 Investments held to maturity	–	–	–	–
4.4 Loans and receivables	–	–	101,399	726,350
4.5 Available-for-sale financial assets	142,996	120,151	83,728,306	76,892,678
4.6 Financial assets at fair value through profit or loss	–	–	18,375,920	12,361,397
5 SUNDRY RECEIVABLES	5,448	3,386	78,306	70,181
6 OTHER ASSETS	13,776	9,920	1,447,257	1,247,451
6.1 Deferred acquisition costs	1,910	3,480	54,585	49,037
6.2 Other assets	11,866	6,440	1,392,672	1,198,414
7 CASH AND CASH EQUIVALENTS	16,887	11,757	1,591,175	644,163
TOTAL ASSETS	219,994	176,613	105,522,299	92,177,496
1 EQUITY	81,753	39,594	3,223,717	3,071,662
2 PROVISIONS	–	–	11,187	10,650
3 TECHNICAL PROVISIONS	112,319	89,775	100,201,919	87,129,743
4 FINANCIAL LIABILITIES	–	–	1,211,890	1,300,854
4.1 Financial liabilities at fair value through profit or loss	–	–	–	–
4.2 Other financial liabilities	–	–	1,211,890	1,300,854
5 PAYABLES	17,984	17,324	190,640	115,628
6 OTHER LIABILITIES	9,984	3,790	681,034	573,930
TOTAL EQUITY AND LIABILITIES	222,040	150,484	105,520,386	92,202,466

... (*)		Intersegment eliminations			Total	
	At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014
	-	-	(198)	-	42,167	16,372
	-	-		-	7,664	4,438
	-	-		-	57,396	54,403
	-	-	(28,175)	(28,175)	102,453,845	90,263,862
	-	-		-	-	-
	-	-	(28,175)	(28,175)	105,225	163,286
	-	-		-	-	-
	-	-		-	101,399	726,350
	-	-		-	83,871,302	77,012,829
	-	-		-	18,375,920	12,361,397
	-	-	(1,792)	(1,577)	81,963	71,990
	-	-		-	1,461,033	1,257,371
	-	-		-	56,494	52,517
	-	-		-	1,404,538	1,204,854
	-	-		-	1,608,061	655,919
	-	-	(30,165)	(29,752)	105,712,128	92,324,357
	-	-	(28,507)		3,276,963	3,084,239
	-	-		-	11,187	10,650
	-	-		-	100,314,238	87,219,518
	-	-		-	1,211,890	1,300,854
	-	-		-	-	-
	-	-		-	1,211,890	1,300,854
	-	-	(1,792)	(1,577)	206,832	131,376
	-	-		-	691,018	577,720
	-	-	(30,299)	(1,577)	105,712,128	92,324,357

INCOME STATEMENT BY OPERATING SEGMENT

(€000)		Non-life business		Life business	
		At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014
1.1	Net premium revenue	67,121	56,608	18,130,644	15,416,591
1.1.1	Gross premium revenue	93,344	80,608	18,145,403	15,428,698
1.1.2	Outward reinsurance premiums	(26,223)	(24,000)	(14,759)	(12,107)
1.2	Fee and commission income	–	–	3,319	–
1.3	Net income (expenses) from financial assets at fair value through profit or loss	–0	–	(48,736)	719,703
1.4	Income from investments in subsidiaries, associates and joint ventures	–	–	425	20
1.5	Income from other financial instruments and investment property	3,763	4,215	2,745,280	2,766,328
1.6	Other income	2,251	521	2,664	1,976
1	TOTAL REVENUE	73,135	61,344	20,833,595	18,904,619
2.1	Net claims expenses	(29,305)	(24,120)	(19,665,590)	(17,869,328)
2.1.1	Claims paid and change in technical provisions	(41,900)	(35,593)	(19,668,006)	(17,880,167)
2.1.2	Share attributable to reinsurers	12,596	11,473	2,416	10,839
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	(101)	(3)	(86,055)	(53,222)
2.5	Operating costs	(27,492)	(22,207)	(491,829)	(418,164)
2.6	Other costs	(1,485)	(4,232)	(41,037)	(34,568)
2	TOTAL COSTS AND EXPENSES	(58,383)	(50,562)	(20,284,511)	(18,375,282)
	PROFIT/(LOSS) BEFORE TAX	14,752	10,782	549,084	529,337

... (*)		Intersegment eliminations			Total	
	At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014
	0	0		–	18,197,763	15,473,199
	0	0	(2)	–	18,238,745	15,509,307
		0		0	(40,982)	–36,107
	0	0		–	3,319	–
	0	0		–	(48,736)	719,703
	0	0		–	425	20
	0	0		–	2,749,043	2,770,543
	0	0	(2,733)	(2,225)	2,182	272
	0	0	(2,735)	(2,225)	20,903,995	18,963,738
	0	0		0	(19,694,895)	(17,893,448)
	0	0		0	(19,709,907)	(17,915,760)
	0	0		0	15,012	22,312
	0	0		–	0	0
	0	0		–	0	0
	0	0		0	(86,157)	(53,225)
	0	0	2,854	0	(516,467)	(440,371)
	0	0		2,225	(42,522)	(36,575)
	0	0	2,854	2,225	(20,340,040)	(18,423,619)
	–	–	119	–	563,955	540,119

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 Srl	086	086	G		100	100	100	100

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

(2) 1=Italian ins.; 2= EU ins.; 3=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 holding; 10=real estate; 11=other

(3) This is the sum of the equity interests related to all the companies along the ownership chain standing between the reporting entity and the company in question. If a number of subsidiaries hold interests in the latter, it is necessary to report the sum of the individual interests.

(4) Total percentage of the available voting rights, if different from the equity interest held.

DETAILS OF NON-CONSOLIDATED INVESTMENTS

Name (€000)	Country of registration	Country of operation	Business (1)	Type (2)	% direct interest	Total % interest (3)	% ordinary voting rights (4)	Carrying amount
EGI S,p,A,	086	086	10	b	45	45	45	105,225

(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 holding; 10=real estate; 11=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 (*) and include the key under the table.

(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 of subsidiaries hold interests in the latter, it is necessary to report the sum of the individual interests.

(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	1	2	–
Other properties	3	4	–
Other tangible assets	5	6	7,664
Other intangible assets	7	8	24,343

DETAILS OF TECHNICAL PROVISIONS ATTRIBUTABLE TO REINSURERS

	Direct business		Indirect business		Total carrying amount	
	At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014
(€000)						
Non-life provisions	27,742	23,053	–	–	27,742	23,053
Premium reserve	5,892	6,364	–	–	5,892	6,364
Outstanding claims provisions	21,850	15,967	–	–	21,850	15,967
Other technical provisions	–	722	–	–	–	722
Life provisions	29,653	31,350	–	–	29,653	31,350
Outstanding claims provisions	5,494	5,802	–	–	5,494	5,802
Mathematical provisions	24,159	25,548	–	–	24,159	25,548
Technical provisions where the investment risk is borne by policyholders and provisions deriving from the management of pension funds	–	–	–	–	–	–
Other technical provisions	–	–	–	–	–	–
Total technical provisions attributable to reinsurers	57,396	54,403	–	–	57,396	54,403

DETAILS OF FINANCIAL ASSETS

	Investments held to maturity		Loans and receivables	
(€000)	At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014
Equity instruments and derivatives recognised at cost	–	–	–	–
Equity instruments at fair value	–	–	–	–
of which listed	–	–	–	–
Debt securities	–	–	–	–
of which listed	–	–	–	–
UCITS units	–	–	–	–
Loans and receivables due from banks	–	–	–	–
Interbank loans and receivables	–	–	36,217	702,879
Deposits with ceding entities	–	–	–	–
Assets of investment components of insurance contracts	–	–	–	–
Other loans and receivables	–	–	65,182	23,471
Non-hedging derivatives	–	–	–	–
Hedging derivatives	–	–	–	–
Other financial investments	–	–	–	–
Total	–	–	101,399	726,350

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

	Benefits linked to investment funds and market indices		Benefits linked to pension fund management		Total	
(€000)	At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014
On-balance-sheet assets	7,304,220	8,601,099	–	–	7,304,220	8,601,099
Intercompany assets ^(*)	–	–	–	–	–	–
Total assets	7,304,220	8,601,099	–	–	7,304,220	8,601,099
On-balance-sheet financial liabilities	–	–	–	–	–	–
On-balance-sheet technical provisions	7,218,467	8,503,478	–	–	7,218,467	8,503,478
Intercompany liabilities ^(*)	–	–	–	–	–	–
Total liabilities	7,218,467	8,503,478	–	–	7,218,467	8,503,478

(*) Assets and liabilities eliminated during the consolidation process

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				
	At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014
	—	—	—	—	—	—	—	—
	8,458	8,032	—	—	—	—	8,458	8,032
	8,458	5,284	—	—	—	—	8,458	5,284
	82,246,733	75,511,705	—	—	8,904,373	9,737,460	91,151,106	85,249,165
	82,176,826	74,885,778	—	—	8,902,114	9,735,082	91,078,940	84,620,860
	1,616,111	1,493,092	—	—	9,227,305	2,417,564	10,843,416	3,910,656
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	36,217	702,879
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	65,182	23,471
	—	—	—	—	244,242	206,373	244,242	206,373
	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
	83,871,302	77,012,829	—	—	18,375,920	12,361,397	102,348,620	90,100,577

DETAILS OF TECHNICAL PROVISIONS

	Direct business				Indirect business				Total carrying amount			
(€000)	At 31 December 2015		At 31 December 2014		At 31 December 2015		At 31 December 2014		At 31 December 2015		At 31 December 2014	
Non-life provisions	1	112,319	61	89,775	21	—	81	—	41	112,319	101	89,775
Premium reserve	2	43,745	62	39,605	22	—	82	—	42	43,745	102	39,605
Outstanding claims provisions	3	68,292	63	45,531	23	—	83	—	43	68,292	103	45,531
Other provisions	4	281	64	4,639	24	—	84	—	44	281	104	4,639
of which provisions made after a test of adequacy of liabilities	5		65	4,400	25		85	—	45	—	105	4,400
Life provisions	6	100,201,919	66	87,129,743	26	—	86	—	46		106	87,129,743
Outstanding claims provisions	7	1,178,840	67	474,727	27	—	87	—	47	1,178,840	107	474,727
Mathematical provisions	8	82,012,783	68	68,638,821	28	—	88	—	48	82,012,783	108	68,638,821
Technical provisions where the risk is borne by policyholders and provisions deriving from the management of pension funds	9	7,218,467	69	8,503,478	29	—	89	—	49	7,218,467	109	8,503,478
Other provisions	10	9,791,830	70	9,512,717	30	—	90	—	50	9,791,830	110	9,512,717
of which provisions made after a test of adequacy of liabilities	11	—	71	—	31	—	91	—	51	—	111	—
of which deferred policyholder liabilities	12	9,711,792	72	9,427,809	32	—	92	—	52	9,711,792	112	9,427,809
Total technical provisions	13	100,314,238	73	87,219,518	33	—	93	—	53	100,314,238	113	87,219,518

DETAILS OF FINANCIAL LIABILITIES

	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total carrying amount	
	Held-for-trading financial liabilities		Financial liabilities designated at fair value through profit or loss		At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014
	At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014				
(€000)								
Equity-like instruments	–	–	–	–	–	–	–	–
Subordinated liabilities	–	–	–	–	1,211,890	1,300,854	1,211,890	1,300,854
Liabilities from investment contracts issued by insurance companies deriving	–	–	–	–	–	–	–	–
from contracts where the investment risk is borne by policyholders	–	–	–	–	–	–	–	–
from pension fund management	–	–	–	–	–	–	–	–
from other contracts	–	–	–	–	–	–	–	–
Deposits received from reinsurers	–	–	–	–	–	–	–	–
Liabilities of investment components of insurance contracts	–	–	–	–	–	–	–	–
Debt securities issued	–	–	–	–	–	–	–	–
Due to banks	–	–	–	–	–	–	–	–
Interbank payables	–	–	–	–	–	–	–	–
Other borrowings	–	–	–	–	–	–	–	–
Non-hedging derivatives	–	–	–	–	–	–	–	–
Hedging derivatives	–	–	–	–	–	–	–	–
Sundry financial liabilities	–	–	–	–	–	–	–	–
Total	–	–	–	–	1,211,890	1,300,854	1,211,890	1,300,854

DETAILS OF UNDERWRITING BUSINESS

	2015			2014		
	Gross amount	portion attributable to reinsurers	Net amount	Gross amount	portion attributable to reinsurers	Net amount
(€000)						
Non-life business						
NET PREMIUM REVENUE	93,344	(26,223)	119,566	80,608	(24,000)	104,609
a Premium revenue	93,084	(25,169)	67,915	88,437	(24,724)	63,713
b Change in premium reserve	(260)	1,053	793	7,829	(724)	7,105
NET CLAIMS EXPENSES	(41,900)	12,596	(29,305)	(35,593)	11,473	(24,120)
a Claims paid	(19,097)	6,229	(12,867)	(16,335)	5,636	(10,700)
b Change in outstanding claims provisions	(22,761)	6,366	(16,395)	(19,426)	5,876	(13,549)
c Change in recoveries	0	0	0	0	0	0
d Change in other technical provisions	(42)	0	(42)	168	(39)	129
Life business						
NET PREMIUM REVENUE	18,145,403	(14,759)	18,130,642	15,428,698	(12,107)	15,416,591
NET CLAIMS EXPENSES	(19,668,006)	2,416	(19,665,590)	(17,880,167)	10,839	(17,869,328)
a Claims paid	(7,326,485)	4,113	(7,322,372)	(5,284,745)	3,461	(5,281,284)
b Change in outstanding claims provisions	(704,112)	(308)	(704,421)	(245,383)	2,211	(243,172)
c Change in mathematical provisions	(13,381,173)	(1,388)	(13,382,561)	(12,915,809)	5,167	(12,910,642)
d Change in technical provisions where the investment risk is borne by policyholders and deriving from pension fund management	1,285,011	0	1,285,011	686,699	0	686,699
e Change in other technical provisions	458,754	0	458,754	(120,929)	0	(120,929)

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FINANCIAL AND INVESTMENT INCOME AND EXPENSES

	Interest	Other income	Other expenses	Realised gains	Realised losses
(€000)					
Investment income and expenses	2,638,054	202,691	(2,059)	403,689	(57,198)
a From investment property	–	–	–	–	–
b From investments in subsidiaries, associates and joint ventures	–	–	–	–	–
c From investments held to maturity	–	–	–	–	–
d From loans and receivables	1,632	–	–	–	–
e From available-for-sale financial assets	2,309,033	61,662	–	376,356	(47,256)
f From held-for-trading financial assets	–	–	–	–	–
g From financial assets at fair value through profit or loss	327,388	141,029	(2,059)	27,332	(9,941)
Income and expenses from sundry receivables	–	–	–	–	–
Income from cash and cash equivalents	359	–	–	–	–
Income and expenses from financial liabilities	(38,900)	–	–	–	–
a From held-for-trading financial liabilities	–	–	–	–	–
b From financial liabilities at fair value through profit or loss	–	–	–	–	–
c From other financial liabilities	(38,900)	–	–	–	–
Income and expenses from payables	–	–	–	–	–
Total	2,599,512	202,691	(2,059)	403,689	(57,198)

Net realised gains/ (losses)	Unrealised gains		Unrealised losses		Net unrealised gains/ (losses)	Total income (expenses), net 2015	Total income (expenses), net 2014
	Unrealised gains	Write-backs	Unrealised losses	Impairments			
3,185,177	72,309	–	(604,370)	–	(532,061)	2,653,116	3,463,715
–	–	–	–	–	–	–	–
–	425	–	–	–	425	425	20
–	–	–	–	–	–	–	–
1,632	–	–	–	–	–	1,632	2,879
2,699,796	–	–	–	–	–	2,699,796	2,741,114
–	–	–	–	–	–	–	–
483,750	71,884	–	(604,370)	–	(532,486)	(48,736)	719,703
–	–	–	–	–	–	–	–
359	–	–	–	–	–	359	5,085
(38,900)	–	–	–	–	–	(38,900)	(31,759)
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
(38,900)	–	–	–	–	–	(38,900)	(31,759)
–	–	–	–	–	–	–	–
3,146,636	72,309	–	(604,370)	–	(532,061)	2,614,574	3,437,041

DETAILS OF UNDERWRITING EXPENSES

(€000)	Non-life business		Life business	
	2015	2014	2015	2014
Gross commissions and other acquisition costs	(21,160)	(20,661)	(414,659)	(351,852)
a Acquisition commissions	(15,218)	(17,869)	(388,174)	(334,595)
b Other acquisition costs	(4,372)	(3,567)	(31,676)	(24,310)
c Change in deferred acquisition costs	(1,570)	775	5,547	7,238
d Collection fees	–	–	(357)	(185)
Commissions and share of profits received from reinsurers	10,836	10,487	2,136	1,832
Other investment management expenses	(630)	(489)	(37,106)	(32,334)
Other administrative expenses	(16,538)	(11,544)	(42,200)	(35,810)
Total	(27,492)	(22,207)	(491,829)	(418,164)

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ASSETS AND LIABILITIES RECOGNISED AT FAIR VALUE ON A RECURRING AND NON-RECURRING BASIS: BREAKDOWN BY FAIR VALUE LEVEL

		Level 1	
		At 31 December 2015	At 31 December 2014
(€000)			
Assets and liabilities recognised at fair value on a recurring basis			
Available-for-sale financial assets		80,223,133	73,651,399
Financial assets at fair value through profit or loss	Held-for-trading financial assets	–	–
	Financial assets designated at fair value through profit or loss	8,067,402	7,893,630
Investment property		–	–
Tangible assets		–	–
Intangible assets		–	–
Total assets recognised at fair value on a recurring basis		88,290,534	81,545,029
Financial liabilities at fair value through profit or loss	Held-for-trading financial liabilities	–	–
	Financial liabilities designated at fair value through profit or loss	–	–
Total liabilities recognised at fair value on a recurring basis		–	–
Assets and liabilities recognised at fair value on a non-recurring basis			
Non-current assets or disposal groups held for sale		–	–
Liabilities included in disposal groups held for sale		–	–

	Level 2		Level 3		Total	
	At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014
	3,286,378	3,118,680	361,791	242,751	83,871,302	77,012,829
	–	–	–	–	–	–
	10,308,518	4,467,767	–	–	18,375,920	12,361,397
	–	–	–	–	–	–
	–	–	–	–	–	–
	–	–	–	–	–	–
	13,594,896	7,586,447	361,791	242,751	102,247,221	89,374,226
	–	–	–	–	–	–
	–	–	–	–	–	–
	–	–	–	–	–	–
	–	–	–	–	–	–
	–	–	–	–	–	–
	–	–	–	–	–	–

DETAILS OF CHANGES IN LEVEL 3 ASSETS AND LIABILITIES RECOGNISED AT FAIR VALUE ON A RECURRING BASIS

	Available-for-sale financial assets	Financial assets at fair value through profit or loss	
		Held-for-trading financial assets	Financial assets designated at fair value through profit or loss
(€000)			
Opening balance	242,751	–	–
Purchases/Issues	150,890	–	–
Sales/Repurchases	(49,254)	–	0
Redemptions	–	–	–
Gains or losses through profit or loss	0	–	–
– of which unrealised gains/losses		–	
Gains or losses through other components of comprehensive income	17,405	–	–
Transfers to level 3	–	–	–
Transfers to other levels	–	–	–
Other changes	–	–	–
Closing balance	361,791	–	

	Investment property	Tangible assets	Intangible assets	Financial liabilities at fair value through profit or loss	
				Held-for-trading financial liabilities	Financial liabilities designated at fair value through profit or loss
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-

ASSETS AND LIABILITIES NOT RECOGNISED AT FAIR VALUE: BREAKDOWN BY FAIR VALUE LEVEL

	Carrying amount		Fair value	
			Level 1	
(€000)	At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014
Assets	–	–	–	–
Investments held to maturity				
Loans and receivables	101,399	726,350	–	–
Investments in subsidiaries, associates and joint ventures	105,225	163,286	–	–
Investment property	–	–	–	–
Tangible assets	7,664	4,438	–	–
Total assets	214,288	894,074	–	–
Liabilities	–	–	–	–
Other financial liabilities	1,211,890	1,300,854	–	–

INTERESTS IN NON-CONSOLIDATED STRUCTURED ENTITIES

Name of structured entity (€000)	Revenue earned by structured entity during reporting period	Carrying amount (at transfer date) of assets transferred to structured entity during reporting period
BLACKROCK DIVERSIFIED DISTRIBUTION FUND		
MXF - GLOBAL FUND - ASSET GLOBAL FUND (PIMCO MULTI ASSET)		
ADVANCE CAPITAL ENERGY FUND		
PIANO 400 FUND DEUTSCHE BANK		
TAGES CAPITAL PLATINUM		
TAGES PLATINUM GROWTH		
SHOPPING PROPERTY FUND 2 Feeder SA SICAV-SIF		

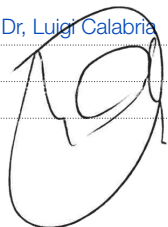
Fair value						
Level 2		Level 3		Total		
	At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014	At 31 December 2015	At 31 December 2014
	–	–	–	–	–	–
	–	–	–	–	–	–
	–	–	101,399	726,350	101,399	726,350
	–	–	105,225	163,286	105,225	163,286
	–	–	–	–	–	–
	–	–	7,664	4,438	7,664	4,438
	–	–	214,288	894,074	214,288	894,074
	–	–	–	–	–	–
	–	–	1,211,890	1,300,854	1,211,890	1,300,854

Carrying amount of assets recognised in financial statements and attributable to structured entity	Asset class in financial statements	Carrying amount of liabilities recognised in financial statements and attributable to structured entity	Liability class in financial statements	Maximum loss exposure
4,733,333	Financial assets at fair value through profit or loss			708,563,934
3,872,663	Financial assets at fair value through profit or loss			514,653,870
20,834	Available-for-sale financial assets			9,742,490
499,960	Available-for-sale financial assets			639,131
215,522	Available-for-sale financial assets			57,209,605
132,408	Available-for-sale financial assets			21,643,301
39,516	Available-for-sale financial assets			14,502,600

Il sottoscritto dichiara che il presente bilancio è conforme alla verità ed alle scritte

I rappresentanti legali della Società (*)

Il Presidente - Dr. Luigi Calabria



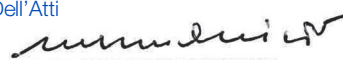
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I Sindaci

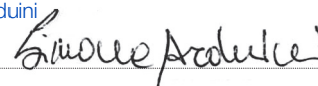
Dr. Stefano Dell'Atti



Dr. Marco De Iapinis



Dr.ssa Simona Arduini



Spazio riservato alla attestazione dell'Ufficio del
registro delle imprese circa l'avvenuto deposito,

(*) Per le società estere la firma deve essere apposta dal rappresentante generale per l'Italia,

(**) Indicare la carica rivestita da chi firma,

**Attestazione del Bilancio consolidato ai sensi dell'art. 154-bis,
comma 5 del D. Lgs. 24 febbraio 1998, n. 58 e
dell'art. 81-ter del Regolamento Consob n. 11971 del 14 maggio 1999
e successive modifiche e integrazioni**

1. I sottoscritti Maria Bianca Farina, in qualità di Amministratore Delegato, e Giuseppe Ricciarelli, in qualità di Dirigente Preposto alla redazione dei documenti contabili societari di Poste Vita S.p.A., tenuto anche conto di quanto previsto dall'art. 154 bis, commi 3 e 4, del decreto legislativo 24 febbraio 1998, n. 58, attestano:

- l'adeguatezza in relazione alle caratteristiche dell'impresa e
- l'effettiva applicazione

delle procedure amministrative e contabili per la formazione del bilancio consolidato, del periodo 1 gennaio – 31 dicembre 2015.

2. Al riguardo si rappresenta quanto segue:

2.1 come evidenziato nel modello *Internal Control – Integrate Framework* emesso dal Committee of Sponsoring Organisations of the Treadway Commission, che rappresenta il framework di riferimento generalmente accettato a livello internazionale in tema di controllo interno, espressamente richiamato da Confindustria nelle *Linee Guida per lo svolgimento delle attività del Dirigente Preposto alla redazione dei documenti contabili societari ai sensi dell'art. 154-bis del TUF*, un sistema di controllo interno, per quanto ben concepito e attuato, può fornire solo una ragionevole, non assoluta sicurezza sulla realizzazione degli obiettivi aziendali, tra cui la correttezza e veridicità dell'informativa finanziaria.

Poste Vita S.p.A.

00144, Roma (RM), Piazzale Konrad Adenauer, 3 • Tel.: (+39) 06 549241 • Fax: (+39) 06 54924203 • www.postevita.it

Partita IVA 05927271006 • Codice Fiscale 07066630638 • Capitale Sociale Euro 1.216.607.898,00 i.v. • Registro Imprese di Roma n. 29149/2000, REA n. 934547 • Iscritta alla Sezione I dell'Albo delle imprese di assicurazione al n. 1.00133 • Autorizzata all'esercizio dell'attività assicurativa in base alle delibere ISVAP n. 1144/1999, n. 1735/2000, n. 2462/2006 e n. 2987/2012 • Società capogruppo del gruppo assicurativo Poste Vita, iscritto all'albo dei gruppi assicurativi al n. 043 • Società con socio unico, Poste Italiane S.p.A., soggetta all'attività di direzione e coordinamento di quest'ultima.



2.2 Nel corso dell'esercizio sono state completate le attività finalizzate all'aggiornamento delle principali procedure amministrativo-contabili ed è stata effettuata la verifica sull'effettiva applicazione delle menzionate procedure amministrative e contabili. Al riguardo non sono emersi aspetti di rilievo.

3. Si attesta, inoltre, che

3.1 il bilancio consolidato:

- a. è redatto in conformità alle disposizioni di cui al Codice Civile, al D. Lgs. N. 173/1997, al D.Lgs. n. 209/2005 ed ai provvedimenti, regolamenti e circolari ISVAP applicabili;
- b. corrisponde alle risultanze dei libri e delle scritture contabili;
- c. è idoneo a fornire una rappresentazione veritiera e corretta della situazione patrimoniale, economica e finanziaria dell'emittente e dell'insieme delle imprese incluse nel consolidamento.

3.2 la relazione sulla gestione comprende un'analisi attendibile dell'andamento e del risultato della gestione, nonché della situazione dell'emittente e delle imprese incluse nel consolidamento, unitamente alla descrizione dei principali rischi e incertezze cui è esposta.

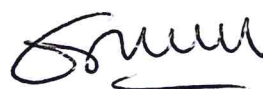
Roma, 21 Marzo 2016

L'Amministratore Delegato


Maria Bianca Farina

Il Dirigente Preposto alla redazione dei
documenti contabili societari

Giuseppe Ricciarelli





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Insurance Group Poste Vita Spa

Registered Office – Piazzale Konrad Adenauer, 3, Rome

Poste Vita Insurance Group entered on the Register of Italian Insurance Groups under no. 043

Information of parent company Poste Vita Spa

Share Capital € 1,216,607,898 fully paid-up

The Parent Company of the Poste Vita Group authorized to practice Insurance with provision ISVAP:

- No. 1144 12/03/1999 published on G.U. no. 68 23/03/1999
- No. 2462 14/09/2006 published on G.U. no 225 27/09/2006

Company entered on the Registry of Companies of Rome under no. 29149/2000

Company entered in Section I of the Register of Italian Insurance under no. 1, 00133

Tax Code 07066630638

VAT number 05927271006

Edited by

Poste Italiane Spa

RURES

Communication

August 2016

This document is available for inspection on the Company's website at www.postevita.it

Graphic design, layout and printed by





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Gruppo **Posteitaliane**

Postevita
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