INTESA SANPAOLO
VITA

Interim financial report at 30 June 2014

Società del gruppo INTESA SANPAOLO

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

Interim financial report at 30 June 2014 of the Intesa Sanpaolo Vita Insurance Group

INTESA SANPAOLO VITA S.p.A.

Registered office: Corso Giulio Cesare 268 – 10154 Turin – Administrative offices: Viale Stelvio 55/57 – 20159 Milan – Turin company registration no. 02505650370 – Fully paid-up share capital €320,322,508.00 – Included in the register of insurance and reinsurance companies as no. 1.00066 – Parent of the Intesa Sanpaolo Vita Insurance Group, included in the register of insurance companies as no. 28 – Managed and coordinated by Intesa Sanpaolo S.p.A.

Contents

Management report

Company bodies

Board of Directors

Luigi Maranzana	Chairman
Elio Fontana	Deputy chairman
Paolo Maria Grandi	Director
Paolo Fignagnani	Director
Marco Siracusano	Director
Guglielmo Weber	Director
Andrea Panozzo	Director
Anna Torriero	Director
Gianemilio Osculati	Managing director

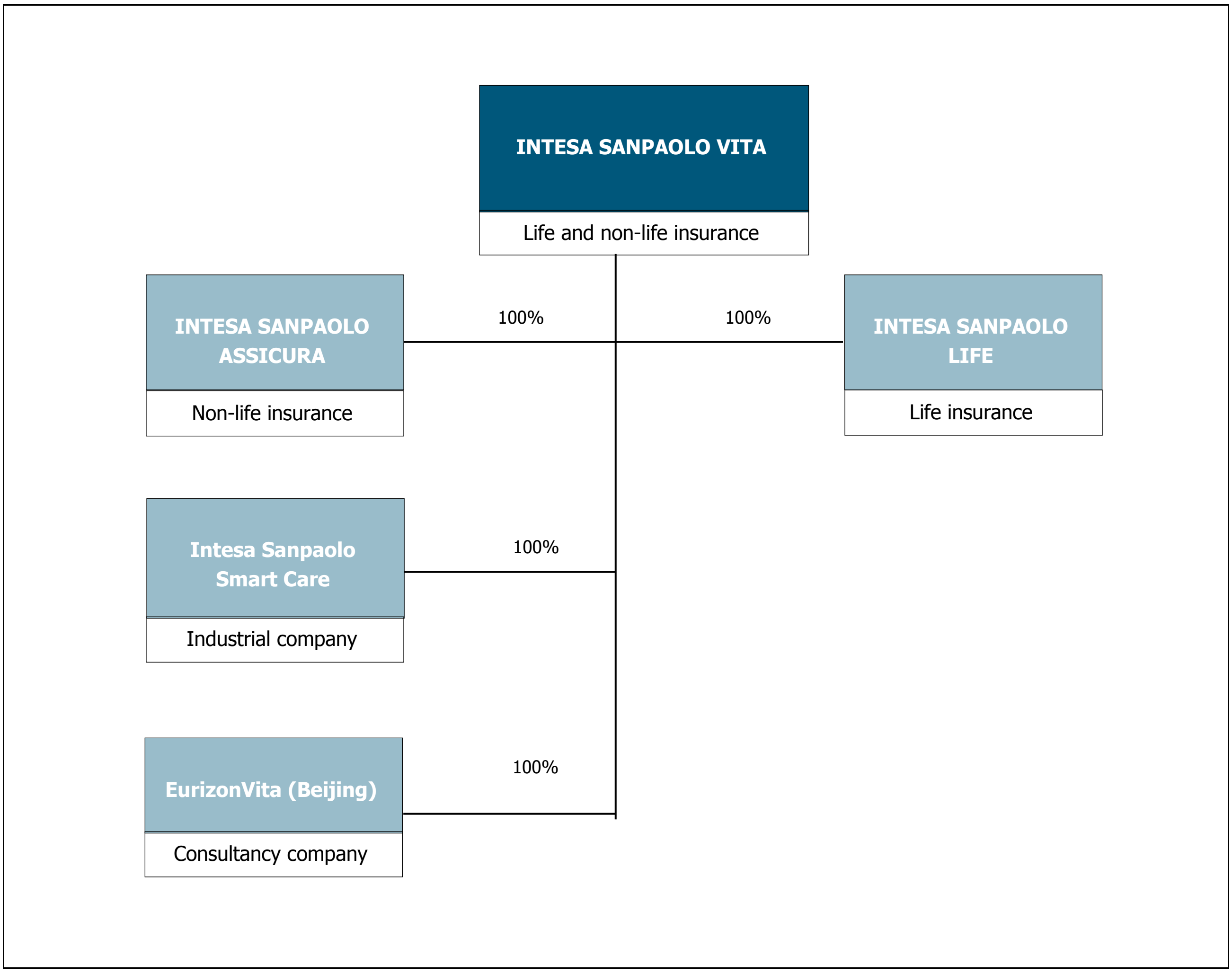
Board of Statutory Auditors

Massimo Broccio	Chairman
Paolo Mazzi	Standing statutory auditor
Riccardo Ranalli	Standing statutory auditor
Eugenio Mario Braja	Alternate statutory auditor
Patrizia Marchetti	Alternate statutory auditor

Independent auditors

KPMG S.p.A.

Group structure



Key consolidated figures

millions €

	30-06-2014	30-06-2013	31-12-2013	Change	
Operational figures					
Gross collection	10,383.0	6,122.6	14,178.5	4,260.4	69.6%
Premiums of Life insurance products	191.7	222.6	424.8	-30.8	-13.9%
Premiums of Life financial products with DPF	7,493.1	4,291.9	10,732.3	3,201.2	74.6%
Gross collection of Life insurance products without DPF	2,587.4	1,475.1	2,789.1	1,112.4	75.4%
Premiums of Non-life business	110.8	133.1	232.3	-22.3	-16.8%
Life new business	10,171.2	5,864.9	13,673.0	4,306.3	73.4%
Life Contracts	3,061,108	3,158,525	3,080,592	-97,417	-3.1%
Human Resources	514	523	520	-9	-1.7%
Balance sheet figures					
Investments	83,647.2	68,244.8	76,885.4	6,761.8	8.8%
- Available-for-sale financial assets	61,489.3	45,315.2	54,649.3	6,839.9	12.5%
- Financial assets at fair value through profit or loss	22,059.2	22,818.7	22,138.3	-79.1	-0.4%
- Other investments	98.7	111.0	97.7	1.0	1.0%
Insurance provisions	66,149.0	53,114.0	58,402.4	7,746.7	13.3%
- Life insurance contracts	6,348.2	8,129.7	7,285.9	-937.7	-12.9%
- Life financial contracts with DPF	55,162.8	44,391.6	49,334.6	5,828.2	11.8%
- Shadow accounting provision	4,154.1	131.2	1,307.0	2,847.1	>100%
- Non-life insurance policies	484.0	461.5	474.9	9.1	1.9%
Financial liabilities	18,856.6	16,955.9	17,718.3	1,138.3	6.4%
- Unit-linked financial policies	17,185.6	15,393.6	15,715.2	1,470.4	9.4%
- Index-linked financial policies	634.9	1,107.6	1,098.6	-463.7	-42.2%
- Products with specific assets	21.5	-	-	21.5	0.0%
- Subordinated liabilities	605.1	176.9	617.2	-12.1	>100%
- Other liabilities	409.4	277.8	287.3	122.1	42.5%
Shareholders' equity	4,804.3	4,566.3	4,329.3	474.9	11.0%
- attributable to the Group	4,804.3	4,566.3	4,329.3	474.9	11.0%
- attributable to minority interests	-	-	-	-	0.0%
Income statement					
Net earned premiums	7,788.0	4,617.8	11,363.1	3,170.2	68.7%
Net insurance benefits and claims	8,361.2	5,125.4	12,459.6	3,235.9	63.1%
Net fee and commission income	50.1	49.1	97.0	1.0	2.0%
Net income from financial instruments and investments	1,201.0	1,085.9	2,198.2	115.1	10.6%
Commissions and other acquisition costs	164.3	155.1	323.3	9.1	5.9%
Consolidated profit	284.5	240.8	346.7	43.6	18.1%
- attributable to the Group	284.5	240.8	346.7	43.6	18.1%
- attributable to minority interests	-	-	-	-	0.0%
Ratio					
Expense ratio	*2.1%*	*3.4%*	*2.8%*	-1.3%	-37.2%
Non-life Loss ratio	*47.3%*	*42.3%*	*49.4%*	5.0%	11.7%
Gross collection/insurance provisions and financial liabilities	12.2%	8.7%	18.6%	3.5%	39.8%
Non-life combined ratio	*93.9%*	*98.5%*	*96.2%*	-4.6%	-4.7%
Net fees and commissions/financial liabilities (Index- and Unit-linked)	0.3%	0.3%	0.6%	0.0%	-5.5%

The figures at 31 December 2013 and 30 June 2013 and for 2013 and the six months ended 30 June 2013 have been restated when required by the IFRS and, where necessary, to reflect changes in the consolidation scope.

Reclassified interim consolidated financial statements

Reclassified statement of financial position and income statement

millions €

	30-06-2014	30-06-2013	Change	
Net earned premiums	**7,788.0**	**4,617.8**	**3,170.2**	**68.7%**
- Life businesses	7,684.3	4,514.1	3,170.3	70.2%
- Non-life businesses	103.7	103.8	-0.1	-0.1%
Net insurance benefits and claims	**-8,361.2**	**-5,125.4**	**-3,235.9**	**63.1%**
Net fee and commission income	**50.1**	**49.1**	**1.0**	**2.0%**
Net income from financial instruments and investments	**1,201.0**	**1,085.9**	**115.1**	**10.6%**
- Net income from financial instruments at fair value through profit or loss	-15.7	60.9	-76.6	<-100%
- Other income	1,216.6	1,025.0	191.7	18.7%
Acquisition and administration costs	**-210.0**	**-196.0**	**-14.1**	**7.2%**
- Commissions and other acquisition costs	-164.3	-155.1	-9.1	5.9%
- Other costs	-45.7	-40.8	-4.9	12.1%
Other revenues and expenses	**-72.1**	**-92.3**	**20.2**	**-21.9%**
Profit before taxes for the period	**395.6**	**339.1**	**56.5**	**16.7%**
- Income taxes	-111.1	-98.3	-12.8	13.1%
Consolidated profit after taxes	**284.5**	**240.8**	**43.6**	**18.1%**
Loss from discontinued operations	**-**	**-**	**-**	**n.d.**
Consolidated profit	**284.5**	**240.8**	**43.6**	**18.1%**
- attributable to the Group	284.5	240.8	43.6	18.1%

The figures for 2013 and the six months ended 30 June 2013 have been restated when required by the IFRS and, where necessary, to reflect changes in the consolidation scope.

millions €

	30-06-2014	31-12-2013	Change	
ASSETS				
Intangible assets	632.0	632.0	-0.0	0.0%
Tangible assets	1.2	0.9	0.3	39.1%
Amount ceded to reinsurers from insurance provisions	25.1	14.1	11.0	77.7%
Investments	83,647.2	76,885.4	6,761.8	8.8%
- Land and buildings (investment properties)	19.5	19.6	-0.1	-0.4%
- Investments in subsidiaries, associates and joint ventures	-	-	-	n.a.
- Held to maturity investments	-	-	-	n.a.
- Loans and receivables	79.2	78.1	1.1	1.3%
- Available-for-sale financial assets	61,489.3	54,649.3	6,839.9	12.5%
- Financial assets at fair value through profit or loss	22,059.2	22,138.3	-79.1	-0.4%
Receivables	574.1	588.4	-14.4	-2.4%
Other assets	1,713.6	1,494.7	218.9	14.6%
Cash and cash equivalents	4,661.9	2,117.7	2,544.2	120.1%
Total assets	**91,255.0**	**81,733.2**	**9,521.9**	**11.6%**
LIABILITIES				
Shareholders' equity	4,804.3	4,329.3	474.9	11.0%
- attributable to the Group	4,804.3	4,329.3	474.9	11.0%
- attributable to minority interests	-	-	-	n.a.
Other provisions	8.3	8.3	-0.0	-0.3%
Insurance provisions	66,149.0	58,402.4	7,746.7	13.3%
- Life insurance contracts	6,348.2	7,285.9	-937.7	-12.9%
- Life financial contracts with DPF	55,162.8	49,334.6	5,828.2	11.8%
- Shadow accounting provision	4,154.1	1,307.0	2,847.1	217.8%
- Non-life insurance policies	484.0	474.9	9.1	1.9%
Financial liabilities	18,856.6	17,718.3	1,107.0	6.2%
- Unit-linked financial policies	634.9	1,098.6	-463.7	-42.2%
- Index-linked financial policies	17,185.6	15,715.2	1,470.4	9.4%
- Products with specific assets	-	-	-	n.a.
- Subordinated liabilities	605.1	617.2	-12.1	-2.0%
- Other liabilities	399.7	287.3	112.4	39.1%
Payables	447.1	437.8	9.3	2.1%
Other liabilities	989.7	837.1	152.6	18.2%
Total Shareholders' equity and liabilities	**91,255.0**	**81,733.2**	**9,521.9**	**11.6%**

The figures at 31 December 2013 and 30 June 2013 have been restated when required by the IFRS and, where necessary, to reflect changes in the consolidation scope.

Statement of comprehensive income

thousands €

INTESA SANPAOLO VITA S.p.A.	Total 30-06-2014	Total 30-06-2013
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	**284,467**	**240,830**
Other comprehensive income after taxes without reclassification in the income statement	**-75**	**-137**
Change in shareholders' equity of subsidiaries		-
Changes in the revaluation reserve of intangible assets		-
Changes in the revaluation reserve of tangible assets		-
Gains (losses) of non-current assets held for sale and discontinued operations		-
Actuarial gains (losses) arising from defined benefit plans	-75	-137
Other items		-
Other comprehensive income after taxes with reclassification in the income statement	**190,329**	**-52,407**
Foreign currency translation differences	-1	9
Net unrealized gains (losses) on available for sale financial assets	190,330	-52,423
Net unrealized gains (losses) on cash flow hedging derivatives		7
Net unrealized gains (losses) on hedge of a net investment in foreign operation		-
Change in shareholders' equity of subsidiaries		-
Gains (losses) of non-current assets held for sale and discontinued operations		-
Other items		-
TOTAL OF OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME	**190,254**	**-52,544**
TOTAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**474,721**	**188,286**
of which attributable to the Group	**474,721**	**188,286**
of which attributable to minority interests	**-**	**-**

Statement of changes in equity

thousands €

INTESA SANPAOLO VITA S.p.A.		Amount as of 31-12-2012	Change in Closing Balances	Allocations	Reclassification adjustments to income statement	Transfers	Amount as of 30-06-2013
Shareholders' equity attributable to the Group	Share capital	320,323					320,323
	Other equity instruments	-					-
	Capital reserves	1,327,197					1,327,197
	Revenue reserves and other reserves	2,335,077		342,806		-199,937	2,477,946
	(Own shares)	-					-
	Result for the period	342,806		-101,976			240,830
	Other comprehensive income	252,513		-133	-43,056	-9,355	199,969
	Total attributable to the Group	**4,577,916**	**-**	**240,697**	**-43,056**	**-209,292**	**4,566,265**
Shareholders' equity attributable to minority interests	Shareholder capital and reserves	-					-
	Result for the period	-					-
	Other comprehensive income	-					-
	Total attributable to minority interests	**-**	**-**	**-**	**-**	**-**	**-**
Total		**4,577,916**	**-**	**240,697**	**-43,056**	**-209,292**	**4,566,265**

INTESA SANPAOLO VITA S.p.A.		Amount as of 31-12-2013	Change in Closing Balances	Allocations	Reclassification adjustments to income statement	Transfers	Amount as of 30-06-2014
Shareholders' equity attributable to the Group	Share capital	320,323					320,323
	Other equity instruments	-					-
	Capital reserves	1,327,197					1,327,197
	Revenue reserves and other reserves	2,014,450		346,699		227	2,361,376
	(Own shares)	-					-
	Result for the period	346,699		-62,232			284,467
	Other comprehensive income	320,658		-240	-24,692	215,186	510,912
	Total attributable to the Group	**4,329,327**	**-**	**284,227**	**-24,692**	**215,413**	**4,804,275**
Shareholders' equity attributable to minority interests	Shareholder capital and reserves						-
	Result for the period						-
	Other comprehensive income						-
	Total attributable to minority interests	**-**	**-**	**-**	**-**	**-**	**-**
Total		**4,329,327**	**-**	**284,227**	**-24,692**	**215,413**	**4,804,275**

Ordinary registered shares without a nominal amount number 647,398,627.
The earnings per share amount to €0.439.

Statement of cash flows (indirect method)

thousands €

INTESA SANPAOLO VITA S.p.A.	30-06-2014	30-06-2013
Profit (loss) before taxes for the period	**395,606**	**339,138**
Change in non-cash items	**8,242,670**	**2,416,397**
Change in non-life provision from unearned premium	-5,750	30,234
Change in non-life provision for outstanding claims and other insurance provisions	3,563	9,807
Change in mathematical provisions and other life insurance provisions	7,928,197	1,882,781
Change in deferred acquisition costs	215	323
Change in provisions	-22	-4,576
Non-cash income and expenses from financial instruments, investment property and equity investments	236,203	524,314
Other expenses	80,264	-26,486
Change in receivables and payables generated by operating activities	**-123,368**	**-761,844**
Change in receivables and payables on direct insurance and reinsurance operations	18,022	11,076
Change in other receivables and payables	-141,390	-772,920
Income taxes paid	**-111,139**	**-98,308**
Net cash generated/absorbed by cash items related to investment and financing activity	**1,007,682**	**-45,332**
Financial liabilities related to investment contracts	1,163,312	-1,079,816
Payables to banks and customers	-	-
Loans and receivable from banks and customers	-	-
Other financial instruments at fair value through profit or loss	-155,630	1,034,484
CASH FLOW FROM OPERATING ACTIVITY	**9,411,451**	**1,850,051**
Net cash generated/absorbed by lands and buildings (investment property)	82	82
Net cash generated/absorbed by equity investments in subsidiaries, associates and joint ventures	-	13,200
Net cash generated/absorbed by loans and receivable	-1,050	-1,756
Net cash generated/absorbed by held to maturity investments	-	-
Net cash generated/absorbed by available for sale financial assets	-6,841,416	-1,648,441
Net cash generated/absorbed by tangible and intangible assets	-	-
Other cash generated/absorbed by investment activity	-	-
CASH FLOW FROM INVESTING ACTIVITY	**-6,842,384**	**-1,636,915**
Net cash generated/absorbed by Group's share capital and equity instruments	151	463,382
Net cash generated/absorbed by own shares	-	-
Dividends payment	-	-663,440
Net cash generated/absorbed by minority interests' share capital and reserves	-	-
Net cash generated/absorbed by subordinated liabilities and participative financial instruments	-25,000	412,000
Net cash generated/absorbed by other financial liabilities	-	-
CASH FLOW FROM FINANCING ACTIVITY	**-24,849**	**211,942**
Effect of foreign-exchange differences on cash and cash equivalents	-	-
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	2,117,695	4,702,399
INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS	**2,544,218**	**425,078**
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	4,661,913	5,127,477

The figures for 2013 and the six months ended 30 June 2013 have been restated when required by the IFRS and. where necessary, to reflect changes in the consolidation scope.

Reference context and Group performance

The external context

The macroeconomic scenario

The international economic climate and the Italian economy

The international economy and trade grew at a slow pace in the first half of 2014, with noticeable ebbs and flows due to temporary factors, mainly of a climatic and tax nature. Adverse weather conditions led to a temporary contraction in GDP in the US in the first quarter of the year, with only modest effects on growth in employment. The rise in Japanese indirect taxes in April had a different effect, with a better performance in the first quarter compared to the second. Inflation trends varied in line with the speed of recovery of the different countries. Exchange rate fluctuations of the principal currencies were relatively contained, except for the British pound, the Canadian dollar and the Australian dollar.

The Eurozone's recovery from the 2012-2013 recession continued, boosted also by internal end demand, and steadily involved more of its members with overall confirmation of this trend. Business growth rates slowed down in the second quarter of the year, partly due to the irregular performance during the winter and seasonal effects. The upturn in production has only translated into higher employment rates in some countries. Inflation was well below expectations for all the Eurozone member states close to zero. This reflects the weak internal demand and the previous appreciation of the Euro, variations in energy and food prices and the drop in communication sector prices.

One of the European countries which is finding it the hardest to recover is Italy, where industrial production was fairly stagnant and very volatile in the first five months of 2014. Business and household confidence improved in all sectors during the period, except for the construction sector, and there has been initial signs of an upturn in domestic consumption of capital assets. While domestic demand continues to be weak, the economy has mainly been boosted by foreign demand. However, it was insufficient to prevent a contraction in GDP in the first quarter of the year. The sharp reduction in industrial production in March and May extinguished all hopes for a large improvement in GDP in the second quarter and led to a revised downwards outlook for the year.

Monetary policies have started to divaricate. The Federal Reserve commenced its forecast reduction in purchases of securities and opened internal discussions about the steps to be taken for a rise in official rates in 2015. Yields on government bonds dropped sharply compared to the beginning of the year, held back by both the disappointing performance of the first three months and the central bank's cautious approach to the about-turn in monetary policies. The Bank of England has also started to warn the markets about a future change in the interest rate cycle.

Taking a different approach, the European Central Bank (ECB) cut the official rates in June, lowering the main refinancing rate to 0.15% and the deposit facility rate to -0.10%. Moreover, in addition to envisaging a long period of rates equal or lower than the current ones, the ECB also concurrently launched new targeted long term refinancing operations (TLTROs), extended their full allocation until July 2016, suspended the sterilisation of the monetary effects of the Securities Markets Programme (SMP) and communicated preparations for a possible programme to acquire securitisations. The ECB's accommodating stance has assisted a drop in expectations about monetary rates and, hence, interest rates on all curve maturities. The Eonia rate, which had been under some upward pressure through to May due to the spontaneous reabsorption of excess liquidity, decreased to 1-3 bp after communication of the measures. The 3-month Euribor, which increased up to 0.35% in April, dropped rapidly towards 0.20% in June. Medium-term IRS rates have also decreased considerably: the five year maturities have seen a gradual reduction from 1.25% at the start of the year to 0.64% at 30 June 2014.

Investors' confidence in the countries hit by the debt crisis in 2010 and 2011 grew until mid June. Italy and Spain both benefitted from capital inflows which reduced risk premiums (-53 bp for ten-year Italian bonds). Yields decreased, thanks to the concurrent reduction in German bonds (-69 bp on the ten-year issues). Moreover, interest rate spreads grew again after the minimum levels of the first half of June. Demand on the primary market continued, such that even Portugal and Greece were able to recommence their debt refinancing programmes by issuing bonds.

The financial markets

Overall, the European and US stock markets performed well in the first six months of 2014, with greater risk appetite by investors and the steady normalisation of the economies and international financial markets.

Specifically, the Eurozone markets continued to be buffered by the ECB's ongoing expansive monetary policy, despite the fears caused by disinflationary trends and the Euro's strengthening. Investors began to voice concerns about the emerging countries, due to uncertainty about the intensity of their economic growth and exchange rate trends. In addition, the Japanese market was penalised by expectations about more restrictive tax policies which would negatively affect consumption.

In April and May, the Eurozone markets saw the adjustment/consolidation of previous upwards trends, following the re-emergence of geopolitical risks (another crisis in Ukraine and tensions in the Middle East) and due to uncertainty about the outcome of the European Parliament elections in a context of not brilliant macroeconomic data.

After the election results, which included a weaker than expected confirmation of the anti-European movement, and the measures announced by the ECB at the start of June, the stock markets ended the six months positively. Moreover, there was a strong upsurge in new issues (IPOs and capital increases) on the primary market in the second quarter of the year.

The peripheral markets performed better than the core markets in the Eurozone. The Euro Stoxx 50 index was slightly higher at period end (+3.8%), the CAC 40 also improved slightly (+2.9%), similarly to the Dax 30. The Spanish stock market's performance was very positive with the IBEX 35 index up by 10.1% at 30 June 2014. Outside the Eurozone, the Swiss market SMI index grew by 4.3% while the British FTSE 100 remained stable.

The S&P 500 index improved by 6.1% at the end of June. However, the main Asian stock markets performed negatively: the Chinese SSE A-Share benchmark index lost 3.2% during the period, reflecting the expected slowdown in economic growth, while the Nikkei 225 index decreased 6.7%, triggered by fears about the effects of the tax squeeze on consumption.

In a context of decreasing interest rates on government bonds and a smaller spread on German returns, the Italian stock market outperformed all the major European and international markets, assisted by the initial weak signs of a recovery in the domestic economy, greater political stability and expectations about commencement of the institutional reform programme. The FTSE MIB index rose by 12.2% (after peaking at +18.6% on 10 June), especially as regards the bank and utilities sector shares. The FTSE Italia All Share index performed similarly at +11.8% at 30 June 2014. The mid-cap stocks did slightly less well with the FTSE Italia STAR index up 7.3% at period end.

European credit markets closed the six months with a positive performance in the cash segment, especially the riskiest asset classes, and the derivatives segment. Market performance continues to be mainly driven by the central banks' accommodating monetary policies and the related large liquidity in the system.

After a positive first quarter, despite commencement of its tapering programme by the FED and the tensions between Russia and Ukraine, risk premiums continued to decrease in the second three months of the year. There was a brief about-turn in May when certain disappointing macroeconomic figures and forecasts about the European Parliament elections caused a rise in volatility and widening of the spread. Reassured by the outcome of the elections and assisted by expectations about credit trends following the new measures communicated by the ECB in June, the credit markets returned to their positive performance.

Industrial bonds slightly outperformed financial bonds in the industrial grade segment, while in the speculative segment, greater risk appetite and the ongoing search for attractive yields by investors boosted the performance of securities with lower creditworthiness. The derivatives segment also saw a general reduction in the cost of hedging against insolvency risk; tightening in the synthetic crossover and financial indices was greater, particularly for subordinated indices.

New issue volumes were high for both investment grade and speculative segments, thanks in part to the issuers' need to replace bank debt with the primary market, concurrently benefitting from market rates still anchored to traditionally very low levels.

Emerging economies and financial markets

The data available for a sample of countries making up 75% of the GDP of the emerging countries show a slowdown in the economic cycle in the first quarter with growth in the second three months of 4.7% compared to 5% in the second half of 2013. The slowdown was more pronounced in the CIS countries (from 2.2% in the fourth quarter of 2013 to 0.6% in the first quarter of 2014), with Russia and Ukraine affected by extraordinary political events, and to a lesser degree Asia (from 6.8% to 6.5% for the same periods). GDP growth was substantially unchanged in Latin America (around 1.5%), where the fast development in Mexico (from 0.7% in the fourth quarter of 2013 to 1.8% in the first quarter of 2014) offset the slowdown in Brazil (+1.9% in the first quarter of 2014) and the fall in Argentina (-0.2%).

GDP jumped in Hungary (+3.5%) and Slovakia (+2.4%) and Slovenia's exit from recession was confirmed (+1.9%) in the CEE countries, characterised by their strong ties to the Eurozone's manufacturing cycle. With respect to the SEE countries, alongside the very positive performance of Romania (+3.5% from +5.4% in the fourth quarter of 2013), the GDP growth rate slowed down considerably in Serbia (+0.1% from 2.7% in the previous quarter). In the CSI countries, due to the Russian-Ukrainian crisis, Russian GDP went from 2% in the fourth quarter of 2013 to 0.9% in the first quarter of 2014 while that of Ukraine decreased from +3.3% to -1.1%. With respect to the MENA area, GDP continued to grow in Egypt from 1.3% in the fourth quarter of 2013 to 2.5% in the first quarter of this year, with the steady stabilisation of the internal political climate.

The reduction in prices of many primary agricultural products and modest internal demand led to a weakening of certain of the upward driving inflationary factors seen in 2013 during the period. The average inflation rate for the sample that includes 75% of the emerging countries was 4.7% in June 2014 compared to 4.9% in December 2013.

The central banks of some of the larger emerging countries altered their monetary policies in early 2014 increasing the official rates, namely in Russia (from 5.5% to 7%), Turkey (from 4.5% to 10%), Brazil (from 10% to 11%) and in India and South Africa (+0.25% and +0.5%, respectively). Ukraine raised its rates considerably (+300 bp) in April to 9.5%. These measures were mostly aimed at countering currency depreciation, particularly true of the countries with more vulnerable external positions. Conversely, Chile, Mexico, Thailand and Vietnam took easing measures. Turkey returned its benchmark rate to 8.75% in the second quarter of the year benefitting from more favourable market conditions.

During the period, the gradual disappearance of concerns about the possible impact of the Federal Reserve's tapering manoeuvre, the risks of a slowdown in the Chinese economy and the repercussions of a possible worsening in the Ukrainian crisis led to a generalised reduction in the risk premium, with the partial return of portfolio capital flows to the emerging countries and a rise in the related market indexes, especially as regards bonds.

Specifically, the emerging country bond markets recorded an average performance, measured by the JPM Total Return Index as 6% in the six months (compared to a modest 0.9% for the whole of 2013). The EMBI+ spread dropped from roughly 330 bp at the end of 2013 to 280 bp. Spreads contracted significantly in Latin American, the Gulf oil producing countries and in the CEE countries, as well as in post-election Ukraine.

At the same time, the MSCI index of the emerging countries gained ground in the same period (+3.3%), performing in line with the Eurostoxx (+3.9%) but below the S&P USA (+6.9%). The weakness of certain major stock markets such as Shanghai (-3.2%) and Moscow (-5.3%) was more than offset by the large increases of certain Asian markets (India +22.9%), the Middle East (Dubai +17% and Egypt +23%) and Eastern Europe, specifically Slovenia (+25.4%), Turkey (+15.8%) and Romania (+8%).

The US dollar held its ground against the currencies of the emerging countries in the period with the OITP index down 0.2%. It appreciated against the Chinese renminbi (-2.5%) and the Russian ruble (-2.8%) but depreciated against other Asian currencies, such as the Indian rupee (+2.9%) and the Indonesian rupiah (+1.4%), and Latin America, like the Brazilian real (+6.2%). Of the emerging European countries, the Ukrainian hryvnia lost almost half its value against the US dollar (-42.6%) while the currencies of CEE/SEE countries with floating exchange rates depreciated against the Euro, especially the Hungarian forint (-5.5%) and the Serbian dinar (-2.3%).

Outlook for 2014

The global economy's moderate expansion is expected to continue throughout the year, with greater convergence of growth rates of advanced economies and the absence of inflationary pressures. Growth in the Eurozone will consolidate, positively affecting Italy, although its expansion rates will continue to be modest.

Monetary policies will remain highly expansionary in the second half of the year. The Federal Reserve will gradually taper off its quantitative stimulus programme by October but it will not touch the official rates until next year. The ECB may decide to introduce new stimulus measures towards the end of 2014, should the economic performance be disappointing and inflation continue to be negative. Medium to long term interest rates are supposed to continue the gradual rising trend, which began in 2013, affected by the forecast rise in the US official rates. The US dollar is expected to strengthen its position on the currency markets.

Based on forward-looking cyclical indicators, seen in the BRICS area, and considering the economic policies adopted by many countries to offset the slowdown of the first quarter of the year, it is expected that the emerging countries will recoup in the second half of 2014 although the annual growth rate may be lower than the forecasts made at the end of 2013.

With respect to countries in which Intesa Sanpaolo group companies operate, the real economy of the CEE countries Hungary, Slovakia and Slovenia should perform well. The SEE countries are expected to undergo a period of adjustment, with Croatia's GDP down on 2013. The floods of last spring will lead to a drop in GDP in Serbia as well, together with a large contraction in Bosnia. The geopolitical tensions in the CSI countries explain the substantial stagnation of the Russian economy and new recession in Ukraine.

Thanks to stabilisation of its domestic political climate, the Egyptian economy is forecast to pick up speed compared to the modest 1.5% recorded for 2013.

The credit market will continue to be weak in the second half of 2014 affecting the Italian banks, caught between scarce demand and prudent lending policies, given the high proportion of other than performing loans and the ECB's ongoing assessment of the banks. Based on the fundamental factors, a return to growth in the lending business will only be seen some quarters after the economy's recovery. The new long-term refinancing operations may contribute to easing the supply conditions on the credit market.

With respect to funding, very moderate growth is expected for deposits, while the overall trend will be affected by households' move towards managed funds. Given that although credit access conditions have improved but are still subject to strict controls, interest rates on loans will remain substantially unchanged while the slight easing of the cost of funding may continue.

The domestic insurance market

Thanks in part to the slightly positive signals from the Italian economy and confirmed by the estimates of the main research institutes that GDP should start to grow during the year, 2014 gross premiums are expected to grow for the second year. This will be the result of an additional increase in life insurance premiums, which are expected to rise by nearly 30% (after the 22.1% increase of 2013) while non-life insurance premiums are forecast to contract slightly (-1.7%).

In 2014, recognised premiums (life and non-life) of the domestic direct insurance business are predicted to exceed €140 billion (+20.3% on 2013). As a percentage of GDP, they are forecast to increase from 7.7% in 2013 to 9.0% in 2014.

New premiums came to €22.8 billion for the first quarter of the year, up 48.7% on the same period of 2013. Given that, in March, new life premiums of the EU companies basket amounted to €1.6 billion (+14.2% on the same month of 2013), new life business was €9.7 billion (+41.1%). Initial estimates show net cash inflows (premiums collected net of benefits paid) for the first quarter of 2014 are a positive €10.9 billion, a significant improvement on the corresponding period of 2013 (€2.4 billion).

Considering only the Italian and non-EU companies, in March, new class I policy premiums continued to grow rapidly in line with the previous months (+66.5% on March 2013) to a total of €6.3 billion (78% of total new business). Class V premiums showed a different trend (-21.4% on March 2013) with new business of €175 million (only 2% of the total). The remaining portion (20%) of new life business relates to the linked products (Class III), which increased for the first time since the start of the year by 8.7% in March compared to the same period of 2013 for new premiums of €1.6 billion. The contribution of new individual pension policies of €84 million was down 14.1% on March 2013.

The contraction in the non-life business is due to the downturn seen for the motor third party liability and watercraft third party liability lines of business in 2012 and 2013 which affected tariffs. Premiums have shrunk again in 2014 (-6.0%), in line with the trend recorded in 2013 (-7.0%). Premiums of the other non-life businesses are expected to increase slightly (+2.3%), thanks to the above-mentioned partial recovery of the economic cycle. Excluding the general third-party liability line of business, whose net premiums are forecast to decrease for the second consecutive year (-2.0%), all the other businesses have improved: health (+5.0%), miscellaneous damage and fire (+3.0%), accident and other non-life lines of business (+2.5%).

Specifically, after six straight years of steady contraction, the motor vehicle property damage premiums are forecast to grow (+3.5%), thanks mostly to a slight increase in sales of new cars, expected to rise by between 3% and 5% on average in 2014.

Action plans and business development

The action plans of the Intesa Sanpaolo Vita group insurance companies adopted in 2014 are described below.

- The parent, Intesa Sanpaolo Vita:
  - reviewed and extended the existing product range to better meet customer requirements;
  - provided commercial assistance to distribution networks, which led to a considerable increase in business;
  - launched initiatives to assist the ultimate parent, Intesa Sanpaolo, with a view to expanding opportunities for customer contact and service, including through out-of-branch activities;
  - improved the operating model and internal controls through specific projects designed to automate processes and check them;
  - focused on financial market dynamics, financial management and asset & liability management (ALM);
- Intesa Sanpaolo Assicura continued to focus on protection products for Italian households. Support activities for the technical performance of Creditor Protection Insurance products and innovation in other product areas continued alongside these activities, in particular, in relation to a new product for the care and protection of man's favourite pet, the dog;
- Intesa Sanpaolo Life concentrated on identifying niche products in the unit-linked segment by creating products aimed at achieving significant results for customers.

Performance

Overall performance

The **profit for the period attributable to the owners of the parent** came to €284.5 million, which was better than the €240.8 million for the corresponding period of 2013. The Group achieved this result in a reference scenario that was consistent with the first six months of 2013:

- the global financial markets showed a general inclination to cutting base interest rates and containing credit spreads while maintaining their steady improvement and gradual exit from the financial crisis in the Eurozone;
- life insurance premiums continued the positive trend seen in 2013, significantly assisted by the higher premiums collected by the Group's banking network.

The Group recognised a satisfactory operating result.

Net gains on financial instruments were €1,201 million compared to €1,085.9 million for the corresponding period of 2013.

Considering the net gains and losses recognised directly in equity, **comprehensive income attributable to the owners of the parent** amounted to €474.7 million compared to €188.3 million for the corresponding period of 2013. This result is mainly due to net unrealised gains on AFS assets of €190.3 million, compared to the net unrealised losses of €52.4 million for the first half of 2013.

Risk management

The monitoring and steady cancellation of risks is a fundamental strategic axis for the Intesa Sanpaolo Vita Group. Particular importance is given to the internal controls, which are based on the following pillars:

- the internal control environment, based on senior management's awareness of the importance of correct identifying the principal tools making up the control system, i.e.:
  - formalisation of roles, tasks and responsibilities (delegated powers, internal codes and procedures, circulation of organisational charts, segregation of duties, with the subsequent segregation of the processes sensitive to business risks);
  - internal communication system (necessary information and production times needed to generate flows and reports, timely instructions, sensitivity and receptiveness of the operating personnel);
- the risk management process, that is the ongoing process to identify and analyse those internal and external factors that may prejudice attainment of company objectives in order to manage them (risk identification, measurement and monitoring);
- the adequacy of the methods used to design, structure and effectively perform controls at the various organisational levels (line/operational, hierarchical, risk management and internal audit), essential to allow senior management to check that their instructions are being followed correctly;
- the IT system, whose objective is to ensure the integrity and completeness of the data and information used to manage and monitor the company's processes and business;
- monitoring activities carried out by the relevant persons (line managers, risk management officers, internal auditors, senior management, board of statutory auditors, independent auditors, actuaries, pension fund managers (open pension funds and individual pension plans) and, for Intesa Sanpaolo Life, the committees responsible for audit and risk, investments and accounting and reporting to ensure continuous supervision of the internal controls and to identify and implement any improvements necessary to resolve critical issues identified, ensuring the maintenance, updating and improvement of the system.

As part of the larger Intesa Sanpaolo Group, the insurance group complies with its regulations to ensure the consistent and prompt management of business risks in line with the relevant national legislation. It monitors risk management results on an ongoing basis as well as developments in internal controls to protect the interests of policyholders and the integrity of the companies' assets.

The parent's governance system is described in the corporate governance documents, presented to and approved by the Board of Directors. In addition to its by-laws, the more significant documents are:

- directives on internal controls and the annual internal controls report;
- the insurance group regulations;
- the proxies and powers system (approved in advance by the parent and subsequently by the boards of directors of the group companies, as well as by the supervisory board set up in compliance with Legislative decree no. 231, the audit committee and the local regulator). This system regulates the management independence vested in the various company bodies to allow them to carry out their duties, in accordance with the organisational principles governing delegation and supervision.

The organisational structure is defined in such a manner as to guarantee the segregation of duties and responsibilities between operational functions and control units, as well as the independence of the latter from the former.

In order to strengthen supervision of company operations, the insurance group companies have set up special committees to analyse management performance, investment management, commercial management, risk management and anti-money laundering issues across the various departments.

Internal controls are structured according to the guidelines set out below:

- segregation of duties and responsibilities: duties and responsibilities are divided among company bodies in a clear manner in order to avoid gaps or overlapping powers that may impinge upon the company's proper functioning;
- formalisation: the actions of the boards of directors and delegated parties must always be documented to allow the checking of management activities and decisions taken;
- independence of controls: the necessary independence of the control structures from the operational units must be assured.

The ultimate parent's risk management and control system, also adopted by the insurance group, involves the company bodies and the operational and supervisory units in the comprehensive management of the company and the Group, whilst respecting the different roles and levels of responsibility, which are intended to guarantee the adequacy of the system as a whole at all times.

The internal controls are commensurate with the Group's size and operational characteristics and the nature and intensity of risks, like the risk management system, which is appropriate given the size, nature and complexity of the activities carried out, in order to identify, assess and monitor the most significant risks, being those whose consequences may undermine the solvency of the parent and the Group or represent a serious obstacle to the fulfilment of their objectives.

Senior management is also vested with the task of propagating a "control culture", which ensures that staff at all levels are aware of their own roles, including in relation to control activities, and favours the involvement of all company units in the pursuit of the Group's objectives.

Risk management

The Intesa Sanpaolo Vita Group is committed to implementing an efficient and high-performance risk management system given its contribution to the balanced development of the insurance group. To assist this objective:

- clear risk governance and management principles have been defined;
- risk governance and management tools have been introduced;
- a risk governance and management culture has been promoted at all levels of the insurance group.

The parent's Board of Directors has ultimate responsibility for the definition of risk management and internal control strategies and guidelines, also in its capacity as the parent of the insurance group, and to ensure their adequacy and solidity over time with regard to their completeness, functionality and effectiveness, in line with the size and operational characteristics of the parent and the insurance group, as well as the nature and intensity of the parent's and Group's risks. The subsidiaries are also vested with similar prerogatives within the context of the objectives allocated to them.

Specifically, the administrative bodies of the group companies are responsible for:

- setting objectives at regular intervals, in line with the capital adequacy level and the guidelines of the Intesa Sanpaolo Group as implemented by Intesa Sanpaolo Vita and its subsidiaries;
- approving risk management policies and strategies and risk tolerance levels for the parent and subsidiaries;
- regularly examining the results achieved, including those relating to stress testing activities, as well as the underlying risk profiles of the parent and the subsidiaries, as communicated by senior management and the independent risk control unit (the Risk Management Unit);
- acquiring information concerning the most significant critical issues in the area of risk management and internal controls of Intesa Sanpaolo Vita and its subsidiaries as identified by the various bodies responsible for their monitoring and control;
- the prompt assessment of the aforementioned critical issues and the implementation of the necessary corrective measures.

The internal controls consist of three lines of defence:

- line controls (first level);
- risk monitoring (second level);
- internal audit (third level).

The Risk Management Unit contributes to the second line of defence by reconciling the prerogatives of independence from line controls with close cooperation with the line controls that are responsible for the transactions performed. This Unit ensures that the Group's market, technical and operational risks are identified, assessed and monitored with a view to maintaining those risks within a limit that is consistent with the Group's assets, taking account of risk assumption, assessment and management policies as defined by the administrative body. It also prepares suitable reports and provides timely and systematic information to senior management and the Board of Directors.

The Risk Management Unit contributes to the formulation of the investment policies of the insurance group companies and, on the basis of the fair value policy, defines the models used for measuring financial assets. The risk control model is gradually evolving from an approach based on ex post management after the event to one based on prior verification. In addition to controls that can be implemented in real time, the Unit carries out daily, weekly and monthly checks, which are promptly submitted to senior management and the management body.

The move of the insurance group companies towards compliance with the Solvency II directive is facilitated by the central role played by the Risk Management Unit in project and measuring activities and in relations with the authorities.

<u>Principal results of the risk management strategy</u>

The strategic priority afforded to the gradual exclusion of risks and their ongoing monitoring and management has achieved important results:

- the guarantees provided have been reviewed as part of the product definition process:
    - fixed-term guarantees rather than annually consolidated guarantees;
    - structuring of products and new offers to reduce the levels of minimum guaranteed returns, favouring capital protection rather than guarantee levels that limit flexibility and financial income;
    - fixed-term products (Orizzonte 7 Anni - 7 year horizon - and Obiettivo Valore Sicuro - Secure value objective) with guaranteed capital in the event of early surrender and a minimum guaranteed return in the event of death before expiry of the policy.

  These products optimise the capital profile under Solvency II and have led to improved performances for policyholders compared to the old generation products. The results obtained are particularly positive with 27% of product assets coupled with separate internal asset management represented by new business of the last few years boosted by the new business in early 2014;

- as part of the management of interest rate and spread risk, the term of assets was kept lower than the term of the liabilities, mitigating the reinvestment risk through the continuous reduction of average minimum guaranteed levels for assets under management;

- as part of the management of credit risk, a policy was introduced involving diversification and reduction of issuer exposures which, with the exception of the Italian, German and ultimate parent bonds, never exceed overall exposure of 1%;

- exposure has been contained as part of management of equity risk;

- as part of management of surrender risk, in addition to closely monitoring the trends and net cash flows for each asset under management, adequate liquidity was maintained to cover unforeseeable outcomes without necessarily having to make unplanned divestments;

- in order to mitigate liquidity risk, efforts continued in 2014 to focus the investment portfolio on actively traded and liquidable instruments by divesting positions comprised of structured instruments or that were not associated with sufficiently liquid trading markets;

- as part of the management of derivatives, in keeping with the policy of focusing investments on liquid instruments that are priceable and have measurement risks, the parent operated as a matter of preference on explicit derivatives, adequate linked to primary financial instruments, with the goal of mitigating interest rate risks (IRSs, futures, forwards), currency risks (DCSs and forwards) and credit spread risks (CDSs).

These results could clearly be seen in the stress tests and economic capital measurements made by the parent and by the improvement in the quality factor measured by the Internal Audit Unit, all within an operating context that saw the group achieve higher profitability levels than the previous year.

The Intesa Sanpaolo Vita insurance group's contribution to the ultimate parent

The insurance group's contribution mainly consists of the profit from the insurance business and commissions paid to the distribution network.

millions €

	First half 2014			First half 2013			Variation		
	Life	Non-life	Total	Life	Non-life	Total	Life	Non-life	Total
Technical profit (loss)	**-17**	**22**	**5**	**2**	**21**	**23**	**-20**	**1**	**-18**
Net premiums	7,684	104	7,788	4,514	104	4,618	3,170	-0	3,170
Net charges relating to claims and surrenders	-3,515	-47	-3,562	-3,121	-45	-3,166	-394	-3	-396
Net charges on variation in technical provisions	-4,790	0	-4,790	-1,949	0	-1,949	-2,841	-0	-2,841
Profits on investments pertaining to policyholders	770	-	770	717	-	717	54	-	54
Net commissions on investment contracts	48	-	48	46	-	46	2	-	2
Commission expense and Net commissions on pension funds for insurance contracts	-208	-23	-231	-181	-31	-212	-27	8	-19
Other technical income (expense)	-7	-11	-18	-23	-7	-30	16	-4	12
Net financial income	**427**	**11**	**439**	**360**	**9**	**369**	**67**	**3**	**70**
Operating income from investments	***1,906***	***11***	***1,917***	***1,293***	***9***	***1,302***	***613***	***3***	***615***
Net interest income (expense)	984	7	991	904	8	912	80	-1	79
Dividends	31	1	31	24	1	24	7	0	7
Net realised gains	417	4	420	387	0	387	30	3	33
Unrealised gains (losses)	489	0	489	-8	-0	-8	497	0	497
Portfolio management commission expense	-15	-	-15	-13	-	-13	-1	-	-1
Profit (loss) of third party investors of mutual funds									
Losses on investments pertaining to policyholders	***-1,479***	***-***	***-1,479***	***-933***	***-***	***-933***	***-546***	***-***	***-546***
- of which insurance products	-1,238	-	-1,238	-727	-	-727	-510	-	-510
- of which unrealised gains (losses) on insurance products pertaining to policyholders	10	-	10	-60	-	-60	70	-	70
- of which investment products	-252	-	-252	-146	-	-146	-106	-	-106
Total	**410**	**34**	**444**	**363**	**29**	**392**	**48**	**4**	**52**

The profit from the insurance business improved by €52 million or 13%.

Considering the commissions of roughly €321 million paid to the Intesa Sanpaolo Group networks, the insurance group contributed €765 million to the Intesa Sanpaolo Group revenue.

In addition, the group companies Eurizon Capital and Banca IMI contributed in the form of commissions received from the insurance group for OEIC, management and services.

These revenue captions were adjusted slightly in the consolidated financial statements of the insurance group to reflect accruals for commission expense which is not recognised in the ultimate parent's consolidated financial statements due to the different consolidation level.

30.06.2014

millions €

	A	B	C	D	E
Net premiums	**7,788**	**7,685**	**103**		**7,788**
Gross premiums	7,792	7,685	107	-	7,792
Ceded premiums	-4	-1	-4	-	-4
Commission income	131	131	-	-	131
Gains or losses on remeasurement of financial instruments at fair value	-16	-16	0	-0	-16
Gains on investments in subsidiaries and associates and interests in joint ventures	-	-	-	-	-
Gains on other financial instruments and investment property	**1,241**	**1,230**	**11**	**1**	**1,242**
Interest income	960	953	7	-	960
Other income	33	32	1	1	33
Realised gains	249	245	4	-	249
Unrealised gains	-	-	-	-	-
Other income	41	36	5	9	49
TOTAL REVENUE	**9,186**	**9,067**	**119**	**9**	**9,195**
Net charges relating to claims	**-8,362**	**-8,313**	**-49**	**1**	**-8,361**
Amounts paid and change in technical provisions	-8,366	-8,312	-53	1	-8,365
Reinsurers' share	4	-0	4	-	4
Commission expense	-81	-81	-	-	-81
Losses on investments in subsidiaries and associates and interests in joint ventures	-	-	-	-	-
Losses on other financial instruments and investment property	**-24**	**-24**	**-**	**-1**	**-25**
Interest expense	-15	-15	-	-	-15
Other expense	-0	-0	-	-	-0
Realised losses	-9	-9	-	-	-9
Unrealised losses	-0	-0	-	-1	-1
Operating costs	**-153**	**-132**	**-21**	**-57**	**-210**
Commissions and other acquisition costs	-149	-126	-23	-15	-164
Investment management costs	-14	-14	-0	-9	-22
Other administrative costs	9	8	2	-33	-23
Other costs	-122	-106	-16	0	-122
TOTAL COSTS	**-8,742**	**-8,656**	**-86**	**-59**	**-8,800**
PROFIT BEFORE TAXES FOR THE PERIOD	**444**	**411**	**33**	**-50**	**396**
Income taxes				-111	-111
PROFIT AFTER TAXES FOR THE PERIOD	**444**	**411**	**33**	**-159**	**284**
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	-			-	-
PROFIT FOR THE PERIOD	**444**	**411**	**33**	**-159**	**284**

Key:

A	RGA: Profit from the insurance business
B	Breakdown of Life business profit
C	Breakdown of Non-life business profit
D	Operating costs - Revenue and income, costs and expense of consolidated funds, vehicles and OEICs - intragroup entries
E	Consolidated income statement for the six months ended 30 June 2014

30.06.2013

	A	B	C	D	E
Net premiums	**4,618**	**4,517**	**101**		**4,618**
Gross premiums	4,622	4,517	104	-	4,622
Ceded premiums	-4	-	-3	-	-4
Commission income	133	133	-	-	133
Gains or losses on remeasurement of financial instruments at fair value	60	60	0	1	61
Gains on investments in subsidiaries and associates and interests in joint ventures	-	-	-	-	-
Gains on other financial instruments and investment property	**1,098**	**1,090**	**9**	**1**	**1,099**
Interest income	880	872	8	-	880
Other income	15	14	1	1	16
Realised gains	204	204	-	-	204
Unrealised gains	-	-	-	-	-
Other income	32	27	4	9	41
TOTAL REVENUE	**5,940**	**5,827**	**114**	**11**	**5,951**
Net charges relating to claims	**-5,129**	**-5,085**	**-44**	**4**	**-5,125**
Amounts paid and change in technical provisions	-5,132	-5,085	-47	4	-5,128
Reinsurers' share	3	-	3	-	3
Commission expense	-84	-84	-	-	-84
Losses on investments in subsidiaries and associates and interests in joint ventures	-	-	-	-	-
Losses on other financial instruments and investment property	**-69**	**-69**	**-**	**-5**	**-74**
Interest expense	-3	-3	-	-	-3
Other expense	-	-	-	-	-0
Realised losses	-66	-66	-	-	-66
Unrealised losses	-	-	-	-5	-5
Operating costs	**-136**	**-107**	**-28**	**-60**	**-196**
Commissions and other acquisition costs	-136	-106	-30	-19	-155
Investment management costs	-13	-13	-0	-10	-23
Other administrative costs	13	12	2	-31	-18
Other costs	-132	-120	-12	-2	-133
TOTAL COSTS	**-5,549**	**-5,464**	**-84**	**-63**	**-5,612**
PROFIT BEFORE TAXES FOR THE PERIOD	**392**	**362**	**29**	**-53**	**339**
Income taxes				-98	-98
PROFIT AFTER TAXES FOR THE PERIOD	**392**	**362**	**29**	**-151**	**241**
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	-			-	-
PROFIT FOR THE PERIOD	**392**	**362**	**29**	**-151**	**241**

Key:
- A RGA: Profit from the insurance business
- B Breakdown of Life business profit
- C Breakdown of Non-life business profit
- D Operating costs - Revenue and income, costs and expense of consolidated funds, vehicles and OEICs - intragroup entries
- E Income statement for the six months ended 30 June 2014

The principal new products

All the group companies reviewed and extended their product portfolios in the period.

Specifically, the retail segment's existing product range was reinforced and new insurance products were launched for the private segment. The group introduced a new single premium class 1 investment product for the Intesa Sanpaolo Private Banking distribution channel which is very competitive and flexible.

Given the success of the marketing campaign for the "Risparmio 2.0" ("Saving 2.0") product designed for Intesa Sanpaolo customers with administered fund products but without managed fund products, the Group reproposed a new version in the second quarter of the year: "Risparmio 2.0 - Edizione 2014" ("Saving 2.0 - 2014 Edition") for retail customers that invest in government securities and bonds.

The Group also prepared the "Metto da parte" ("I put something aside") product for its employees in the second three months of the year. This consists of a recurring premium class I accumulation plan to allow policyholders to slowly and safely put away savings.

The subsidiary *Intesa Sanpaolo Life* launched significant projects during the period. Specifically, it introduced a new unit-linked single premium product, Prospettiva 2.0 ("Perspective 2.0"). This product has expanded the product portfolio to reflect international best practices and does not include any guarantee for the return of capital or mechanisms to protect the investment. It falls into a new investment area, co-investment, whereby the company and the financial manager are committed to investing in the same financial product selected by the policyholder (up to a set amount), thus ensuring the policyholder's expectations and those of the investors match. The product also redesigned and simplified the calculation of management fees and retrocession payments to the sales networks.

With respect to the non-life business and especially the subsidiary Intesa Sanpaolo Assicura, it continued to focus on protection products for Italian households in the period.

Specifically, the subsidiary introduced two kilometre formulae in April for motorists who do not drive long distances to its ViaggiaConMe product ("Travel with Me"), a car insurance policy that provides both traditional insurance cover and the use of a remote electronic device enabling immediate assistance to be provided around the clock in the event of an accident or breakdown. These new options are offered to provide a service level that best meets customer requirements.

In tariff terms, the subsidiary introduced adjustments to improve its competitive position and assist commercial penetration in more profitable segments and areas as well as to retain claim-free policies at expiry. A new radio and internet advertising campaign is slated for July to follow on from those performed in late 2012 and 2013.

Credit protection products (credit protection insurance), distributed by Intesa Sanpaolo group branches, were affected by improvements in the processes and regulatory updates, such as:

- the review of the process communicating that it is not mandatory to have a policy until the loan has been disbursed and introduction of adequacy requirements for collective policies as well in April (without retroactive effect);
- compliance with the ABI Assofin protocol on 30 June, with introduction of the 60 day withdrawal period on life or mixed products agreed for loans, the welcome letter and adjustment of the TAEG (annual lending percentage rate) on the total borrowing cost.

With respect to the Other non-life lines of business excluding aviation, marine, bonds and credit, the Group continued to work with Eurizon Capital with the introduction of a second collective policy alongside the accumulation plans offered to Intesa Sanpaolo customers.

The Group designed an extra captive assistance policy for customers of AEW, the Bolzano electricity utilities company, that have signed a gas supply contract. The product for households is nearly ready and will be launched in the second half of the year. New commercial projects included finalisation of the content and related processes for distribution of a care and protection product for man's best friend: the dog. This new product will be highly innovative and offer customers a wide range of services. Actions to simplify the product portfolio continued with the discontinuation of those that are no longer strategic for the group's development.

Performance

During the period, the group reported gross written premiums of €10,383 million for both the life and the non-life businesses and, in relation to the former, both products classified as insurance products and policies with a more financial content. Premiums increased by 70% on the corresponding period of 2013 (€6,122.7 million).

Gross life written premiums amounted to €10,272.3 million, up 72% on the €5,989.5 million for the corresponding period of 2013.

Both traditional products and unit-linked financial products performed well, up 72% and 75%, respectively

Gross non-life written premiums amounted to €110.8 million, down 16.8% on the €133.2 million for the corresponding period of 2013.

millions €

	30-06-2014	30-06-2013	Change	
Collection from which premiums recorded:	**7,684.8**	**4,514.5**	**3,170.4**	**70.2%**
- Traditional (class I)	7,625.2	4,446.8	3,178.4	71.5%
- Capitalisation (class V)	0.8	0.6	0.1	23.2%
- Unit Linked (class III)	10.4	14.5	-4.1	-28.4%
- Pension funds and Fip (VI)	48.5	52.5	-4.1	-7.7%
Collection from which premiums not recorded:	**2,587.4**	**1,475.1**	**1,112.4**	**75.4%**
- Index Linked (class III)	-	-	-	0.0%
- Unit Linked (class III)	2,587.4	1,475.1	1,112.4	75.4%
Total Life business	**10,272.3**	**5,989.5**	**4,282.7**	**71.5%**

New life business, including income from financial products without discretionary participation features (DPF), came to €10,171.2 million (+73.4%) compared to €5,864.9 million for the first six months of 2013.

The distribution structure

The parent, Intesa Sanpaolo Vita, uses the branches of the Intesa Sanpaolo Group to distribute its pension, savings and investment products. The revised distribution agreement (after completion of the 2011 merger) expires in 2021 and has a renewal option.

The parent uses the bank branches of the Intesa Sanpaolo Group and the distribution network of Intesa Sanpaolo Personal Finance (former Neos Finance) to distribute its creditor protection insurance products.

The private banking Banca Fideuram and Sanpaolo Invest Sim channel distributes almost exclusively the policies of the group company, *Fideuram Vita*. They are mainly unit-linked products which differ from the insurance products sold via the banking channels given the private banking customers' specific requirements. With respect to Intesa Sanpaolo Vita, distribution by financial advisors is limited to the pension product "PIP Progetto Pensione" and the open-ended pension fund "Sanpaolo Previdenza Aziende".

A distribution agreement is in place for *Intesa Sanpaolo Life* products with the broker Marsh, which operates in Italy and Slovakia on the basis of referrals from the bank branches of the Intesa Sanpaolo Group and the financial advisors network of the Banca Fideuram group.

Finally, for *Intesa Sanpaolo Assicura*, its main distribution channel is through the branches of the Intesa Sanpaolo Group, in addition to the commercial agreement with Intesa Sanpaolo Personal Finance (a financial company which is part of the group). The subsidiary also has a distribution agreement with the financial advisors of the Banca Fideuram Group networks as well as distributing its products over the internet.

Reinsurance policy

During the period and in order to contain exposure on specific portfolios, the Group agreed proportionate reinsurance treaties on both a pro rata basis and an excess of loss basis for while/term life insurance products with complementary covers for pension products. It also agreed an excess of loss treaty for catastrophic risks relating to the retained portion of all portfolios.

Other run-off treaties continue to apply, both on a proportionate and an excess of loss basis for life insurance policies and certain accident covers of non-life businesses (temporary and permanent disability).

It was not deemed necessary to agree additional reinsurance contracts, as is the case when the existing reinsurance treaties cannot be used, during the period.

Intesa Sanpaolo Assicura's portfolio is protected by non-proportional excess of loss treaties in order to contain excessive and catastrophic exposure; retention has been reduced through proportional cover exclusively in relation to specific guarantees or products. During the period, the subsidiary finalised a proportionate treaty "Salary-backed loans", with the transfer of 50% of the existing portfolio to reinsurers in order to concentrate on its core products.

While continuing to assess the opportunities offered by the market, the Group does not engage in inwards reinsurance.

All its treaties are signed with leading specialist operators and comply with the guidelines for outwards reinsurance (as per ISVAP - Institute for the supervision of private insurance companies - circular no. 574/D of 2005) approved by the boards of directors of the individual group companies.

Resort to additional reinsurance is limited to the rare cases in which the risk does not fall under existing reinsurance treaties.

Research and development

During the period, the activities for the Solvency II project continued. The new Solvency II Directive provides that an entity's solvency capital requirement must equal its economic capital held to limit the probability of ruin to 0.5% in any given year, that is to limit the frequency of insolvency events to once every 200 years. This requirement may be calculated using a standard formula or an internal model.

Specifically, the parent has participated in the Long-Term Guarantees Assessment (LTGA) exercise, by which the European supervisory authority (EIOPA), acting in concert with the national supervisory authorities, including the Italian Insurance Supervisory Authority (IVASS), requested European insurance companies in January 2013 to test the effectiveness of certain anti-cyclical measures to be used in conditions of market stress, in order to identify possible solutions capable of offsetting the effects of the artificial volatility of market spreads on capital requirements imposed on companies under the Solvency II regime. The exercise was carried out at the valuation dates of 31 December 2011 and 2012. The parent concurrently performed further stress tests on the solvency capital requirement.

In addition to the LTGA tests, the parent contributed to other calibration measurements first using the Volatility Adjustment methodology and then the Volatility Balancer methodology.

With regard to the Solvency II stress test performed in the spring with a valuation date of 31 December 2012, the parent's solvency ratio was higher than the corresponding ratio under the Solvency I regime. Nevertheless, the capital position under stress was higher than 118%.

As regards legislative developments on the new capital regime applicable to insurance companies, an agreement was reached last November by the European Trilogue (the European Parliament, European Council and European Commission) which paved the way for the entry into force on 1 January 2016 of the new Solvency II legislation on the solvency of insurance companies.

In fact, a convergence has been found around certain points of undoubted relevance, which were widely debated prior to the agreement, including specifically:

- volatility adjustment: this measure will be based on a percentage of the spread component representing the currency risk supplemented, under certain conditions, by the spread component representing the country risk. According to current information, this measure should be applied irrespective of the specific market conditions on the valuation date to all portfolios, subject to a few exceptions (for example, unit-linked portfolios);
- period of application of transitional measures: the application period for transitional measures has been set at 16 years, with a view to facilitating the transition from the old to the new legislative regimes immediately after the application of Solvency II.

In any case, the new European Omnibus II directive will have to be supported by the definition and officialisation of level II and III implementation measures.

The entry into force on 1 January 2016 will also be preceded by an initial preparatory stage: preparatory guidelines recently issued by EIOPA to the competent national authorities stipulate a range of basic requirements, which need to be adopted by insurance companies over the 2014-2015 two-year preparatory stage; these requirements relate specifically to the governance policies and the system of governance, ex ante risk assessment and capital management processes and the transmission of information (reporting) to national authorities, all with reference to the new prudential regulation. To that effect, on 14 January, IVASS launched a public consultation exercise, which was completed at the end of February, concerning the standard letter for the Italian market introducing the EIOPA guidelines as regards these points.

In IT terms and considering the developments, the Group commenced the following activities during the period:

- Definition of the IT development macro plan, to be thrashed out before 31 October 2014, as required by EIOPA.
- Completion of a Solvency II datamart to collect data “from” and “to” the actuarial calculation engine (MoSes) to calculate the stochastic and deterministic cash flows, necessary to calculate the SCR.
- Software selection to acquire an Enterprise system to calculate the standard formula (Pillar I) and prepare the reports required by EIOPA (the quantitative reporting templates, Pillar III)

The subsidiary Intesa Sanpaolo Life continued its projects to review its corporate governance system in the light of Solvency II and simplification of the operating processes and payment arrangements in order to contain operational risks within a perspective of optimising requirements under the new Solvency II regime.

In addition to its activities for Solvency II, the subsidiary Intesa Sanpaolo Assicura focused on action necessary to comply with new legislation and regulations. It also concentrated on preparing and developing products that combine traditional insurance cover with a strong technological and service component to better meet the requirements of policyholders immediately when the insured-against event occurs.

Moreover, on a management level, the Group finalised the adaption of all the processes affected by the tax changes resulting from the application of Law decree no. 138/2011 (taxation of financial income) and Law decree no. 201/2011 converted into Law no. 214 of 22 December 2011 (stamp duty on account statements, special and extraordinary tax on tax-shielded policies). It also implemented the adjustments necessary to comply with Law decree no. 66/2014 for the increase in the tax on financial income to 26%.

Staff

At 30 June 2014, the parent and subsidiaries had 514 employees, six less than at 31 December 2013. The Group has 21 resources seconded from other companies of the Intesa Sanpaolo Group and has seconded six employees to other companies of the Intesa Sanpaolo Group.

	Intesa Sanpaolo Vita	Intesa Sanpaolo Life	Intesa Sanpaolo Assicura	Smart Care	**Totale**
Employees	338	48	112	-	498
- Managers	9	2	7	-	18
- Officers	148	7	42	-	197
- Other employees	181	39	63	-	283
Staff seconded from other companies of the Intesa Sanpaolo Group	12	1	8	-	21
Staff seconded to other companies of the Intesa Sanpaolo Group	5	-	1	-	6
Total	**345**	**49**	**119**	**-**	**513**
Other contractual forms	1	-	-	-	1
General total	**346**	**49**	**119**	**-**	**514**

Principal regulatory developments in the period

Sector regulations

The main regulatory changes which affected insurance companies in the period were the following:

- **IVASS resolution no. 14 of 28 January 2014**, amendments and integrations to regulation no. 7 of 13 July 2007 on the financial statements formats of insurance and reinsurance companies required to adopt the IFRS as per Chapter VIII (Financial statements and accounting records), Section I (General provisions applicable to financial statements), Section II (Separate financial statements), Section III (Consolidated financial statements) and Section V (Audit) of Legislative decree no. 209 of 7 September 2005 (the Italian Code for Private Insurance Companies).
- **IVASS resolution no. 17 of 15 April 2014**, amendments and integrations to ISVAP regulation no. 20 of 26 March 2008 about internal controls, risk management, compliance and outsourcing of insurance business, regulation no. 36 of 31 January 2011 setting out guidelines on investments and assets eligible for technical provisions and regulation no. 15 of 20 February 2008 on insurance groups.
- **Resolution no. 15 of 4 February 2014**, amendments to ISVAP regulation no. 31 of 1 June 2009 and subsequent amendments and integrations covering the claim database as per article 135 of Legislative decree no. 2009/2005.

Tax regulations

Law decree no. 66 of 24 April 2014 (the IFPEF decree - spending review) is particularly significant and established a 10% reduction of the IRAP rate. Therefore, considering the related regional increases, the smaller expense due to the reduction in the IRAP tax is €8,512 thousand for the six months ended 30 June 2014, including €1,777 thousand related to the period and €6,735 thousand to the effects on profit or loss of the IFRS FTA adjustments made in previous years.

The same decree provided for an increase in the tax rate on financial income, which includes income from life insurance policies, from 20% to 26% from 1 July 2014 and confirmed the 12.5% rate for financial income on government bonds.

Finally for tax revenue purposes, starting from 2014, the substitute tax rate has been increased by 0.5% for returns on pension funds from 11% to 11.5%.

Premiums and net payments relating to insurance contracts

Premiums recognised in the period for the life and non-life business, including reinsurance, amounted to €7,792.2 million, up 69% on the corresponding period of the previous year. This increase mainly referred to the life business and principally to premiums for financial products with DPF.

millions €

	30-06-2014				30-06-2013			
	First year	Subsequent years	Single premiums	**Total**	First year	Subsequent years	Single premiums	**Total**
Life insurance products without DPF	0.4	15.6	144.0	**160.0**	1.2	21.1	163.8	**186.1**
Life insurance products with DPF	-	26.0	5.7	**31.7**	-	31.9	4.7	**36.5**
Life financial products with DPF	4.1	46.7	7,442.3	**7,493.1**	0.1	52.8	4,239.0	**4,291.9**
Non-life insurance products (*)				**107.4**				**107.3**
Total	**4.5**	**88.3**	**7,592.0**	**7,792.2**	**1.2**	**105.8**	**4,407.5**	**4,621.8**

(*) premiums for period

The claims paid in the life business decreased by 12%, from €3,052 million in the first six months of 2013 to €3,416.6 million for the period. The claims paid in the non-life business increased by 37% from €34.8 million in the first half of 2013 to €47.9 million in the reporting period. The reinsurers' share (of claims paid) amount to €0.2 million for the life business and €1.8 million for the non-life business.

millions €

	Claims	Annuities	Surrenders	Maturities	Liquidation costs	**Total**
Insurance products without DPF	-51.5	-0.0	-403.5	-591.5	-7.7	**-1,054.2**
Insurance products with DPF	-5.3	-3.3	-37.7	-39.6	-	**-85.9**
Financial products with DPF	-582.0	-0.1	-1,475.5	-218.9	-	**-2,276.5**
Non-life business insurance products						**-47.9**
Total 30-06-2014	**-638.8**	**-3.4**	**-1,916.7**	**-850.0**	**-7.7**	**-3,464.5**
Insurance products without DPF	-71.1	-0.0	-541.6	-250.6	-11.7	**-875.0**
Insurance products with DPF	-7.3	-3.0	-37.4	-39.0	-	**-86.7**
Financial products with DPF	-533.3	-0.1	-1,359.2	-197.8	-	**-2,090.3**
Non-life business insurance products						**-34.8**
Total 30-06-2013	**-611.7**	**-3.1**	**-1,938.1**	**-487.4**	**-11.7**	**-3,086.8**

Commissions

Net commissions on financial products without discretionary participation features, comprised of index-linked and financial unit-linked policies, amounted to €50.1 million, up 2% on the corresponding period of 2013 (€49.1 million). This net increase is due to the unit-linked products as the index-linked product portfolio is gradually maturing.

More information is available in the notes to the interim consolidated financial statements.

Financial income and expense

Net gains on financial instruments increased to €1,201.0 million compared to €1,085.9 million for the corresponding period of 2013. The €115.1 million increase is mainly due to the combined effect of the higher gains on the sale of available-for-sale securities (€191.7 million) and the net unrealised losses from financial instruments at fair value through profit or loss of €76.6 million, down from net unrealised gains of €60.9 million for the first six months of 2013 to net unrealised losses of €15.7 million for the reporting period. This loss, mainly attributable to assets allocated to the index and unit-linked product provisions, is a direct consequence of market trends in the six months.

Commissions and operating costs

Commissions and other acquisition costs amount to €164.3 million for the period, up 5.9% compared to €155.1 million for the first half of 2013. This increase reflects business trends. The upturn in premium income is due to commercial activities conducted through the distribution networks which, inter alia, enabled the refining of the product range, which was very well met by customers. The enhanced service quality achieved in the last few years also indirectly improved the perception of the group companies' quality and efficiency, with potential effects also in the future.

Other administrative costs were in line with the corresponding period of 2013 at €23.3 million compared to €18.3 million. Investment management costs also remained in line with the corresponding period of 2013 (€22.4 million versus €22.5 million).

Commissions and other acquisition costs as a percentage of total premium income came to 2.1% compared to 3.4% for the first six months of 2013.

Other administrative costs as a percentage of total premium income were roughly 0.6% compared to about 0.9% for the corresponding period of the previous year.

Other revenue and costs

Other net revenue decreased to €72.1 million compared to €92.3 million in the first half of 2013, mainly due to exchange rate trends.

Statement of financial position

Investments

The portfolio of financial investments amounts to €83,647.2 million (up 9% compared to 31 December 2013) and comprises available-for-sale securities (74%), securities at fair value through profit or loss (25%) with the remainder mostly consisting of financial assets held for trading.

millions €

	30-06-2014		31-12-2013		Change	
Financial assets available for sale	61,489.3	73.5%	54,649.3	71.1%	6,840.0	12.5%
Financial assets measured at fair value	21,071.6	25.2%	21,075.2	27.4%	- 3.6	0.0%
Financial assets held for trading	987.7	1.2%	1,063.1	1.4%	- 75.5	-7.1%
Land and buildings	19.5	0.0%	19.6	0.0%	- 0.1	-0.5%
Investments in subsidiaries, associates and joint ventures	-	0.0%	-	0.0%	-	n.a.
Loans and receivables	79.2	0.1%	78.1	0.1%	1.1	1.4%
Total	**83,647.2**	**100%**	**76,885.3**	**100%**	**6,761.9**	**8.8%**

The Group's investment transactions carried out during the period complied with the guidelines specified in the Finance Policy of the group companies and, in particular, with the general principles of prudence and enhancement of the quality of assets from a medium and long-term perspective. Against the backdrop of global financial markets which maintained high levels of instability leading to choices over positioning within situations that are difficult to interpret but are steadily settling down and the Euro's financial crisis which is gradually being resolved, the Group continued to pursue a policy aimed at limiting the financial risk whilst at the same time maintaining a level of profitability that is commensurate with the commitments made to policyholders.

The component comprised of bonds and fixed income securities continues to be significant, accounting for 74% of the total. The bond portfolio includes bonds issued by the Italian government, by foreign governments, international bodies and national banks and corporate bonds distributed over a broad range of issuers, including in particular companies from the Eurozone.

Equity

At 30 June 2014, the Group reported equity of €4,804.3 million, including the profit for the period of €284.5 million, compared to equity at the start of the period of €4,329.3 million.

The different market values compared to the carrying amounts led to recognition of a €511.4 million fair value gain in the fair value reserve under equity compared to €321.0 million recognised at 31 December 2013.

millions €

	30-06-2014	31-12-2013	Change
Capital and reserves attributable to the Group	**4,804.3**	**4,329.3**	**11.0%**
Group capital and reserves	4,008.4	3,661.6	9.5%
Gains (losses) on financial assets available for sale	511.4	321.0	59.3%
Profit (loss)	284.5	346.7	-17.9%

Liabilities with policyholders

Liabilities with policyholders, which include technical provisions of the life and non-life businesses as well as financial liabilities of the life business, increased by 12% from €75,216.1 million at 31 December 2013 to €83,969.5 million at the reporting date.

Insurance provisions and financial liabilities net of deferred liabilities with policyholders of the life business went from €74,741.2 million at 31 December 2013 to €83,485.5 million at 30 June 2014 (+12%).

Insurance provisions

The life business' insurance provisions increased by 13.4%. The increase is attributable to the revaluation of benefits to policyholders, the performance of production aggregates and the transformation of index-linked contracts which, as a result of the portfolio variation implemented through the "Prima Classe" product, led to new investments in class C.

The increase in the non-life business insurance provisions was 2% from €474.9 million to €484 million.

Deferred liabilities with policyholders incorporating the policyholders' share of fair value gains and losses increased significantly from €1,307 million to €4,154.1 million.

Financial liabilities

Financial liabilities rose by 6% from €16,813.7 million at 31 December 2013 to €17,820.5 million at the reporting date. This increase is principally attributable to business trends and portfolio movements related to the conversion of index-linked policies to traditional products. It also incorporates fair value gains and losses on investments to which those liabilities are related.

millions €

	30-06-2014	31-12-2013	Change
Liabilities due to policyholders for Life segment	**83,485.5**	**74,741.2**	**11.7%**
Insurance provisions and financial liabilities:	79,331.4	73,434.2	8.0%
traditional	59,276.7	53,524.7	10.7%
- of which financial liabilities	-	-	*n.a.*
- of which insurance provisions	*59,276.7*	*53,524.7*	*10.7%*
linked	20,054.7	19,909.5	0.7%
- of which financial liabilities	*17,820.5*	*16,813.7*	*6.0%*
- of which insurance provisions	*2,234.2*	*3,095.8*	*-27.8%*
Deferred liabilities due to policyholders	4,154.1	1,307.0	217.8%
Insurance provisions for non-life segment	**484.0**	**474.9**	**1.9%**
Provision for unearned premiums	315.3	311.9	1.1%
Provision for outstanding claims	168.0	162.3	3.6%
Other insurance provisions	0.7	0.7	-5.7%
Liabilities due to policyholders	**83,969.5**	**75,216.1**	**11.6%**

Measurement of the fair value of financial assets and liabilities

This section summarises the criteria used by the Group to measure the fair value of financial instruments. As already illustrated in the basis of preparation section of this Report, the application of IFRS 13 governing fair value measurement and related disclosure became mandatory from 1 January 2013.

The new standard does not extend the scope of fair value measurement. The aim, in fact, was to concentrate into a single standard the rules for fair value measurement previously contained in various standards, in some cases, with requirements in conflict with one another.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., not as part of a forced liquidation or distress sale) at the measurement date. Fair value is a market-based measurement that is not entity-specific.

An entity shall measure the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that the market participants act in their economic best interest.

In determining the fair value of a financial instrument, IFRS 13 establishes a hierarchy of criteria based on the origin, type and quality of the information used in the calculation. The aim of this classification is to establish a hierarchy in terms of reliability of the fair value based on the level of discretion applied by entities, giving precedence to the use of market-observable inputs that reflect the assumptions that market operators would make in pricing the asset or liability. The hierarchy also aims to increase consistency and comparability in fair value measurements.

There are three different input levels:

- **Level 1**: input represented by quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date;
- **Level 2**: input other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly for the assets or liabilities to be measured;
- **Level 3**: unobservable inputs for the asset or liability.

The choice between the aforesaid methodologies is not optional, since they must be applied according to a hierarchy: highest priority is attributed to quoted prices (Level 1) for the valuation of assets and liabilities or for similar assets and liabilities measured using valuation techniques based on market-observable parameters other than financial instrument prices (Level 2) and lowest priority to assets and liabilities whose fair value is determined using valuation techniques based on non-observable and, therefore, more discretional inputs (Level 3).

The valuation technique defined for a financial instrument is adopted over time and is modified only following significant changes in market conditions or the subjective conditions related to the issuer of the financial instrument.

The valuation process for financial instruments (which is governed within Intesa Sanpaolo Group by the "Fair Value Policy") entails the following phases:

– identification of the sources for measurement: for each asset class, the Market Data Reference Guide establishes the processes necessary to identify market parameters and the means according to which such data must be extracted and used;
– certification and treatment of market data for measurements: this stage consists of the precise verification of the market parameters used (checking the integrity of data contained on the proprietary platform with respect to the source), reliability tests (consistency of each single figure with similar or comparable figures) and verification of actual application methods;
– validation of pricing models and Model Risk Assessment: this phase is aimed at verifying the consistency and the compliance of the various measurement techniques used with current market practice, at highlighting any critical aspects in the pricing models used and at determining any adjustments necessary for measurement;
– monitoring consistency of pricing models over time: periodical monitoring of the adherence to the market of the pricing model in order to discover any gaps promptly and start the necessary verifications and actions.

The *Fair Value Policy* also provides for adjustments to reflect the model risk and other uncertainties relating to valuation. In particular, model risk is represented by the possibility that the valuation of a complex instrument is materially influenced by the model chosen. Indeed, it is possible that models using price elementary instruments with the same quality may give rise to different prices for exotic instruments. In these cases, where possible, alternative models are compared, and where necessary, model inputs are subjected to stress tests, thus obtaining useful elements to quantify fair value adjustments, expressed in terms of measurable financial indicators (vega, delta, correlation shifts), and periodically reviewed. These fair value adjustments, due to model risks, are part of a *Mark to Market Adjustment Policy* adopted for the purposes of considering, in addition to model risk described above, also other factors eligible to influence valuation and essentially attributable to:

– high and/or complex risk profile;
– position illiquidity determined by temporary or structural market conditions or in relation to the entity of exchange values held (in case of excessive concentration); and
– valuation difficulties due to the lack of liquid and observable market parameters.

In the case of **Level 2** inputs the valuation is not based on the price of the financial instrument to be measured, but on prices or credit spreads presumed from official quotes of instruments that are substantially similar in terms of risk factors, using a given calculation methodology (pricing model). The use of this approach requires the search for transactions on active markets in relation to instruments that, in terms of risk factors, are comparable with the instrument being valued. The calculation methodologies classified as Level 2 allows you to replicate the prices of financial instruments traded in active markets (model calibration) not containing discretional parameters - ie parameters whose value cannot be derived from the prices of financial instruments present on active markets or cannot be fixed at levels capable of reproducing quotes on active markets - such as to significantly influence the final valuation.

The determination of the fair value of certain types of financial instruments is based on valuation models that assume the use of parameters that are not directly observable in the market, therefore implying estimates and assumptions on the part of the evaluator (**level 3**).

The Intesa Sanpaolo Vita Group disciplines and formalizes the measurement of fair value of financial instruments through the "Fair Value Policy" of the Intesa Sanpaolo Group, the document prepared by the Risk Management Division of Intesa Sanpaolo and the application of which extends to the parent company and all subsidiaries subject to consolidation.

Additional information is given in the annexes to the notes “Assets and liabilities measured at fair value on a recurring and non-recurring basis: breakdown by fair value level” and “Assets and liabilities not measured at fair value: breakdown by fair value level”.

The securities transferred to another fair value level are specified below:

thousands €

	Transfers among levels as at 30-06-2014					
	to Level 1		**to Level 2**		**to Level 3**	
	from Level 2	**from Level 3**	**from Level 1**	**from Level 3**	**from Level 1**	**from Level 2**
Financial assets held for trading	1,058	-	1,939	-	-	-
Financial assets designated at fair value through profit and loss	32,864	-	12,507	-	-	-
Financial assets available for sale	61,937	-	149,922	15,188	-	-
Hedging derivatives						
Financial assets measured at fair value through profit and loss	**95,859**	**-**	**164,368**	**15,188**	**-**	**-**
Financial liabilities held for trading						
Financial liabilities designated at fair value through profit and loss						
Hedging derivatives						
Financial assets / liabilities at fair value						

Transfers from one level to another are made on the basis of the empirical observation of intrinsic factors of the instrument being valued or its markets. Transfer from Level 1 to Level 2 takes place if an adequate number of inputs, i.e., a limited number of investors that hold the float, no longer exist. This event often materialises when the instrument nears maturity. Conversely, securities that upon issue are illiquid and for which trades are numerous and are thus classified in Level 1 are reclassified into Level 1 when an active market is identified.

The impact on profit or loss and equity of Level 3 securities recognised in the period and their changes are analysed below.

thousands €

	Profit or loss	Equity	Total
Available-for-sale financial assets	-	2,393	2,393
Financial assets held for trading	2,053	-	2,053
Financial assets held for trading / Financial assets designated at fair value through profit or loss	21,733	-	21,733
Loans and receivables	-	-	-
Total	**23,786**	**2,393**	**26,179**

thousands €

	AFS	HFT	FVTPL	L&R
Opening balance	**411,856**	**20,060**	**258,720**	**-**
Additions	**10,182**	**3,144**	**28,715**	**-**
Acquisitions	2	-	-	-
Fair value gains recognised in equity	4,672	-	-	-
Fair value gains recognised in profit or loss	-	2,113	22,156	-
Realised gains	2,747	-	6,258	-
Other increases	2,761	1,031	301	-
Decreases	**-108,846**	**-441**	**-65,268**	**-**
Sales and repayments	-87,526	-	-63,200	-
Fair value losses recognised in equity	-2,283	-	-	-
Fair value losses recognised in profit or loss	-	-	-39	-
Realised losses	-894	-	-	-
Other decreases	-18,143	-441	-2,029	-
Closing balance	**313,192**	**22,763**	**222,167**	**-**

Fair value gains and losses on securities classified as available-for-sale are recognised in equity caption 1.1.7 “Fair value reserve” except for impairment losses which are recognised in profit or loss in caption 2.4.4. “Impairment losses”. Fair value gains or losses are recognised in caption 1.3 “Gains or losses on remeasurement of financial instruments at fair value through profit or loss” when they relate to securities classified as held for trading and at fair value through profit or loss.

BUSINESS SEGMENTS

The insurance group operates principally in the life business, whilst the contribution of the non-life business is gradually growing.

The insurance group is active in Italy and, to a lesser extent, in other European Union member states. Its activities in other countries are conducted entirely by the subsidiary Intesa Sanpaolo Life.

For details regarding the financial data relating to the two life segments, reference should be made to the notes to the interim consolidated financial statements while the performance of the two segments during the period is commented on below.

Life business

Insurance operations

The Group recorded gross written premiums of €10,272.3 million for the period, relating to both premiums on insurance products and financial products with discretionary participation features, as well as gross inflows from financial products without a discretionary participation feature.

Gross premiums increased by 72% compared to the corresponding period of 2013.

millions €

	30-06-2014	30-06-2013	Change	
Collection from which premiums recorded:	**7,684.8**	**4,514.5**	**3,170.4**	**70.2%**
- Traditional (class I)	7,625.2	4,446.8	3,178.4	71.5%
- Capitalisation (class V)	0.8	0.6	0.1	23.2%
- Unit Linked (class III)	10.4	14.5	-4.1	-28.4%
- Pension funds and Fip (VI)	48.5	52.5	-4.1	-7.7%
Collection from which premiums not recorded:	**2,587.4**	**1,475.1**	**1,112.4**	**75.4%**
- Index Linked (class III)	-	-	-	0.0%
- Unit Linked (class III)	2,587.4	1,475.1	1,112.4	75.4%
Total Life business	**10,272.3**	**5,989.5**	**4,282.7**	**71.5%**

At 30 June 2014, more than 3 million policies had been signed by group policyholders.

Changes in the life insurance contracts are set out below:

	Contracts on 31-12-2013	New contracts	Other inflows	Payments and maturities	Other outflows	Contracts on 30-06-2014
Contracts under IFRS4	**2,729,493**	**241,305**	**-**	**233,666**	**9,904**	**2,727,228**
Traditional	1,203,792	127,896	-	47,743	7,151	1,276,794
Capitalisation	2,900	2	-	139	-	2,763
Unit Linked	26,017	-	-	3,080	-	22,937
Pension	39,766	8,949	-	211	250	48,254
F.I.P.	38,246	-	-	696	1,437	36,113
Temporary Death Policies	1,282,968	104,428	-	141,094	677	1,245,625
Index Linked	100,504	-	-	40,346	-	60,158
Open-Ended Pension Func	35,300	30	-	357	389	34,584
Contracts under IAS39	**351,099**	**37,755**	**44**	**55,014**	**4**	**333,880**
Unit Linked	295,291	37,755	1	30,412	4	302,631
Index Linked	55,256	-	43	24,602	-	30,697
Specific financing	552	-	-	-	-	552
Total	**3,080,592**	**279,060**	**44**	**288,680**	**9,908**	**3,061,108**

The net insurance benefits and claims, including the change to the insurance provisions, amount to €8.312 million, showing an increase on the €5,081.5 million recognised for the corresponding period of 2013. This performance is mainly due to the increase in the insurance provisions, principally attributable to favourable commercial trends.

With regard to claims paid, claims increased by 4% and maturities by 74% while the propensity of policyholders to surrender decreased slightly with a reduction in surrenders of 1% compared to the first half of 2013.

The provision for outstanding claims decreased by €107.1 million. The reduction in mathematical provisions after accounting for the reinsurers' share amounts to €5,666 million, whilst provisions resulting from pension fund management where the investment risk is borne by the policyholders increased by €861 million. The other insurance provisions at 30 June 2014, net of the reinsurers' share, increased by €15.8 million.

Commissions and other acquisition costs, net of profit participation and other commissions received from reinsurers, amount to €137.2 million. They include acquisition costs relating to insurance contracts and investment contracts with discretionary participation features (DPF). In particular, the caption includes principally acquisition commissions of €83 million (+12%), other acquisition costs of €11 million (-1%) and collection commissions of €43 million (+39%).

Investment management costs amount to €22 million at 30 June 2014 (€22.3 million for the corresponding period of 2013) and include general costs and personnel expenses related to the management of investment property and equity investments.

Administrative costs amount to €14 million, up from €9.7 million for the first six months of 2013.

Non-life business

The Intesa Sanpaolo Vita Group is mainly active in the non-life business through its subsidiary Intesa Sanpaolo Assicura and with the accident and health insurance products incorporated from the former Centrovita Assicurazioni.

Gross written premiums for the period amount to €110.8 million, down on the same period of 2013 (€133.2 million). The banking channel contributed €105.3 million, the financial advisors channel contributed €2.5 million whilst the other channels contributed €3 million.

A breakdown by distribution channel is as follows:

millions €

	30-06-2014					30-06-2013					Change	
	Promoters	Bancassurance	Post office counters	Other channels	Total	Promoters	Bancassurance	Post office counters	Other channels	Total		
Health	2.4	3.3	-	-	5.6	2.5	3.7	-	-	6.2	-0.6	-9.0%
CPI	-	35.7	-	-	35.7	-	51.3	-	-	51.3	-15.6	-30.5%
Multi-guarantee on loans	-	7.8	-	-	7.8	-	11.0	-	-	11.0	-3.2	-28.9%
Motor	-	44.0	-	0.7	44.8	-	34.5	-	9.6	44.1	0.7	1.6%
Other banking-insurance pro	-	4.3	-	-	4.3	-	7.9	-	0.4	8.3	-4.0	-48.2%
Multi-risks home	0.1	10.2	2.3	-	12.6	0.1	9.6	2.6	-	12.3	0.3	2.1%
Total	**2.5**	**105.3**	**2.3**	**0.7**	**110.8**	**2.6**	**118.1**	**2.6**	**10.0**	**133.2**	**-22.4**	**-16.8%**

The following table sets out the claims paid in the principal non-life lines of business:

millions €

	30-06-2014	30-06-2013	Change	
Accident	1.9	1.5	0.4	28.1%
Health	5.9	6.6	-0.7	-10.0%
Land vehicles	3.5	2.7	0.8	29.7%
Fire and natural events	1.4	1.4	0.0	2.6%
Property and casuality	1.1	1.0	0.1	14.4%
Motor third party liability	18.0	12.9	5.1	39.9%
General third party liability	1.6	0.8	0.8	94.0%
Credito	0.2	-	0.2	n.a.
Surety	0.4	-	0.4	n.a.
Financial Losses	12.3	6.8	5.5	81.3%
Assistance	0.2	0.4	-0.2	-54.4%
Legal protection	0.6	-	0.6	n.a.
Total	**47.1**	**34.0**	**13.1**	**38.6%**

At 30 June 2014, non-life policies numbered 1,830,457.

Commissions and other acquisition costs, net of profit participation and other commissions received from reinsurers, amount to €27 million (€39.0 million for the corresponding period of 2013). The decrease is due to the reduction in commissions.

Investment management costs for the period amount to €0.1 million (€0.2 million for the corresponding period of 2013) and include general costs and personnel expenses related to the management of investment property and equity investments.

Administrative costs amount to €9.8 million, up from €7.9 million for the first six months of 2013.

Other information

Principal risks and uncertainties for companies included in the consolidation scope

The Intesa Sanpaolo Group, which encompasses the companies included in the consolidation scope of Intesa Sanpaolo Vita, has had a Risk Management Unit for some time. This unit is responsible for the definition, implementation and monitoring of the methodological and organisational framework, as well as for the measurement of risk profiles, the verification of mitigation effectiveness and reporting to senior management.

Within this context, in accordance with the process defined by the ultimate parent for operational risks, the Intesa Sanpaolo Vita Group has set up a monitoring system for financial, insurance and operational risks through an integrated reporting system, which provides management with the information necessary to manage and/or reduce the risks taken on. Section G "Information on risks" provides qualitative and quantitative disclosures on the principal risks and uncertainties to which the consolidated companies are exposed.

Going concern

The Group considers that the risks to which it is exposed do not raise any doubts as to its ability to continue as a going concern.

Non-recurring transactions

Union Life LTD

The Intesa Sanpaolo Group acquired the investment in Union Life in 2007 in a different strategic context. Despite the obvious growth prospects of the Chinese market as a whole, the Group deemed it appropriate to re-evaluate alternative strategies for Union Life LTD given:

- the Intesa Sanpaolo Group's objective of creating an insurance player focused on the Eurozone;
- the lack of operating synergies between Union Life and Intesa Sanpaolo Vita or other Intesa Sanpaolo Group companies (e.g., bancassurance contracts with Bank of Qingdao or management proxy/advisory contracts with Penghau);
- the objective differences in the Chinese market which has very different standards to the European markets and a business model based on an agency network channel which is effectively very different to Intesa Sanpaolo Vita's experience.

Based on the above considerations, the Group commenced negotiations to sell its interest to one of the other shareholders.

Subsequently, on 28 January 2014, the Group signed an agreement for the sale of the investment subject to conditions precedent tied solely to attainment of the required authorisations from the local supervisory authorities. The authorisation procedure involves many local authorities and so far it has obtained approval from the Chinese Insurance Regulatory Commission and registration of the transaction with the Chinese Ministry of Trade. At present, conclusion of the sale is slated for the end of this year.

Intesa Sanpaolo Previdenza SIM

- On 15 April 2014, a letter was sent to Convip and IVASS about the joint request made with Intesa Sanpaolo Previdenza SIM ("ISPP") for the contribution of a business by ISPP to Intesa Sanpaolo Vita including four open-ended pension funds. This contribution, to become effective on 30 November 2014, was approved by Intesa Sanpaolo's Management Board on 27 March 2014 as part of the project to reorganise the pension business of the Intesa Sanpaolo Group and by the Boards of Directors of Intesa Sanpaolo Vita and ISPP on 21 May 2014.
- At the proposed contribution date, the contributed business is expected to amount to approximately €1,775 million, consisting of class D.II assets and liabilities of the above-mentioned four open-ended pension funds and approximately €8 million for assets and liabilities not included in class D.II, mainly consisting of cash, current receivables and current payables.

- Intesa Sanpaolo Vita plans to issue new shares to finance the transaction leading to a capital increase of €100 thousand and a share premium of €900 thousand.
- With respect to the minimum required capitalisation, the mandatory solvency margin is expected to increase by approximately €27 million as a result of the transaction.
- The parent has commenced procedures to assess the impact of the integration in operational and organisational terms. With respect to the actuarial aspects of the transaction, it has performed initial assessments of changes in provisioning deriving from the transaction for the accumulation and payment stages which are currently separate for ISPP and the parent and covered by agreements to pay the annuity when the pension plan beneficiary enters the payment stage.

Merger of segregated funds

- On 1 January 2014, the internal segregated fund Sud Polo Vita Vivatre, set up in November 2007 after the spin-off from Intesa Sanpaolo Vita (then EurizonVita) of the business to Sud Polo Vita, was merged into the segregated fund Vivatre, which it originally came from.
- On 9 June 2014, and as the authorisation period had expired, IVASS authorised the merger of the segregated fund Sud Polo Vita Vivapiù and Sud Polo Vita Vivadue, set up in November 2007 after the spin-off from Intesa Sanpaolo Vita (then EurizonVita) of the business to Sud Polo Vita, into the segregated fund Vivapiù and Vivadue, which they originally came from.

Related party transactions

The Intesa Sanpaolo Vita Group has undertaken transactions with Intesa Sanpaolo Group companies as part of its ordinary operations. These transactions, which took place at normal market conditions to the mutual benefit of both parties, are analysed in greater detail in the "Other information" section of the notes to the interim consolidated financial statements.

Ownership structure

Intesa Sanpaolo Vita belongs to the Intesa Sanpaolo Group and is 99.99% controlled by Intesa Sanpaolo S.p.A. which also manages and coordinates it. Its residual share capital is held by 18 third party shareholders. Its share capital is comprised of 647,398,627 ordinary registered shares with no nominal amount.

At 30 June 2014, Intesa Sanpaolo Vita and Intesa Sanpaolo Life held 653,903 shares of the ultimate parent, Intesa Sanpaolo. These shares were acquired in order to service the share incentive plan for senior management in relation to 2012, authorised by the shareholders of Intesa Sanpaolo in their meeting of 22 April 2013 and resolved upon by the boards of directors of Intesa Sanpaolo Vita and Intesa Sanpaolo Life. The carrying amount and fair value is €1,475 thousand.

Principal office

The parent's registered office is located in Corso Giulio Cesare 268, Turin and its administrative offices are located in Viale Stelvio 55/57, Milan.

Audit

The annual consolidated financial statements and the interim consolidated financial statements of the Intesa Sanpaolo Vita Insurance Group are audited and reviewed, respectively, by KPMG S.p.A.

Events after the reporting period and outlook

No events have taken place after the reporting date that would have had a significant effect on the Group's financial position, financial performance or cash flows.

Market performances in June and July have confirmed their steady improvement and Eurozone's gradual exit from the financial crisis and the general inclination to cutting base interest rates and containing credit spreads.

With respect to production and developments in the portfolio, July has confirmed the trend seen in the first six months of the year, in line with that forecast by the distribution networks and the parent.

Variations in the key financial figures will be mainly tied to trends in the financial markets in the second half of the year.

The Group's positive performance in production terms has continued after the reporting date.

Turin, 29 July 2014

The Chairman of the Board of Directors

Luigi Maranzana

(signed on the original)

Interim consolidated financial statements

Statement of financial position

thousands €

	INTESA SANPAOLO VITA S.p.A.	Total 30-06-2014	Total FY 31-12-2013
1	**INTANGIBLE ASSETS**	**631,972**	**631,985**
1.1	Goodwill	631,656	631,656
1.2	Other intangible assets	316	329
2	**TANGIBLE ASSETS**	**1,230**	**884**
2.1	Lands and buildings (self used)	-	-
2.2	Other tangible assets	1,230	884
3	**AMOUNT CEDED TO REINSURERS FROM INSURANCE PROVISIONS**	**25,118**	**14,134**
4	**INVESTMENTS**	**83,647,185**	**76,885,374**
4.1	Land and buildings (investment properties)	19,497	19,579
4.2	Investments in subsidiaries, associates and joint ventures	-	-
4.3	Investments held to maturity	-	-
4.4	Loans and receivables	79,188	78,138
4.5	Financial assets available for sale	61,489,270	54,649,328
4.6	Financial assets at fair value through profit and loss	22,059,230	22,138,329
5	**RECEIVABLES**	**574,050**	**588,435**
5.1	Receivables arising from direct insurance operations	23,423	24,405
5.2	Receivables arising from reinsurance operations	3,571	2,073
5.3	Other receivables	547,056	561,957
6	**OTHER ASSETS**	**1,713,563**	**1,494,670**
6.1	Non-current assets held for sale and discontinued operations	-	-
6.2	Deferred acquisition costs	116	331
6.3	Deferred tax assets	174,887	160,205
6.4	Current tax assets	1,403,537	1,248,102
6.5	Other assets	135,023	86,032
7	**CASH AND CASH EQUIVALENTS**	**4,661,913**	**2,117,695**
	TOTAL ASSETS	**91,255,031**	**81,733,177**

The figures at 31 December 2013 and 30 June 2013 have been restated when required by the IFRS and, where necessary, to reflect changes in the consolidation scope.

thousands €

INTESA SANPAOLO VITA S.p.A.		Total 30-06-2014	Total 31-12-2013
1	**SHAREHOLDERS' EQUITY**	**4,804,275**	**4,329,327**
1.1	**attributable to the Group**	**4,804,275**	**4,329,327**
1.1.1	Share capital	320,323	320,323
1.1.2	Other equity instruments	-	-
1.1.3	Capital reserves	1,327,197	1,327,197
1.1.4	Revenue reserves and other reserves	2,361,376	2,014,450
1.1.5	(Own shares)	-	-
1.1.6	Reserve for currency translation differences	-4	-3
1.1.7	Reserve for unrealized gains (losses) on available for sale financial assets	511,378	321,048
1.1.8	Reserve for other unrealized gains (losses) through equity	-462	-387
1.1.9	Result of the period	284,467	346,699
1.2	**attributable to minority interests**	**-**	**-**
1.2.1	Share capital and reserves	-	-
1.2.2	Reserve for other unrealized gains (losses) through equity	-	-
1.2.3	Result of the period	-	-
2	**OTHER PROVISIONS**	**8,293**	**8,315**
3	**INSURANCE PROVISIONS**	**66,149,034**	**58,402,370**
4	**FINANCIAL LIABILITIES**	**18,856,604**	**17,718,292**
4.1	Financial liabilities at fair value through profit and loss	18,220,155	17,100,776
4.2	Other financial liabilities	636,449	617,516
5	**PAYABLES**	**447,099**	**437,770**
5.1	Payables arising from direct insurance operations	94,784	78,069
5.2	Payables arising from reinsurance operations	2,686	863
5.3	Other payables	349,629	358,838
6	**OTHER LIABILITIES**	**989,726**	**837,103**
6.1	Non-current liabilities held for sale and discontinued operations	-	-
6.2	Deferred tax liabilities	558,718	463,439
6.3	Current tax liabilities	301,161	333,576
6.4	Other liabilities	129,847	40,088
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**91,255,031**	**81,733,177**

The figures at 31 December 2013 and 30 June 2013 have been restated when required by the IFRS and, where necessary, to reflect changes in the consolidation scope.

Income statement

thousands €

INTESA SANPAOLO VITA S.p.A.		Total 30-06-2014	Total 30-06-2013
1.1	Net earned premiums	7,787,986	4,617,826
1.1.1	*Gross earned premiums*	*7,792,222*	*4,621,775*
1.1.2	*Earned premiums ceded*	*-4,236*	*-3,949*
1.2	Commission income	131,483	132,623
1.3	Gains (losses) on financial instruments at fair value through profit and loss	-15,666	60,926
1.4	Income from investments in subsidiaries, associates and joint ventures		
1.5	Income from other financial instruments and lands and buildings	1,241,884	1,099,051
1.5.1	*Interest income*	*959,959*	*879,560*
1.5.2	*Other income*	*33,343*	*15,590*
1.5.3	*Gains on disposal*	*248,582*	*203,901*
1.5.4	*Unrealized gains*		
1.6	Other income	49,449	40,697
1	**TOTAL INCOME**	**9,195,136**	**5,951,123**
2.1	Net insurance benefits and claims	-8,361,241	-5,125,353
2.1.1	*Claims paid and change in insurance provisions*	*-8,365,209*	*-5,128,278*
2.1.2	*Reinsurers's hare*	*3,968*	*2,925*
2.2	Fee and commission expense	-81,430	-83,556
2.3	Expenses from investments in subsidiaries, associates and joint ventures	-	
2.4	Expenses from other financial instruments and lands and buildings	-25,251	-74,095
2.4.1	*Interest expense*	*-15,138*	*-2,771*
2.4.2	*Other expenses*	*-1*	*-7*
2.4.3	*Losses on disposal*	*-8,638*	*-66,169*
2.4.4	*Unrealized losses*	*-1,474*	*-5,148*
2.5	Operating expenses	-210,024	-195,964
2.5.1	*Commissions and other acquisition costs*	*-164,286*	*-155,149*
2.5.2	*Investment management expenses*	*-22,406*	*-22,544*
2.5.3	*Other administrative expenses*	*-23,332*	*-18,271*
2.6	Other expenses	-121,584	-133,017
2	**TOTAL EXPENSES**	**-8,799,530**	**-5,611,985**
	PROFIT (LOSS) BEFORE TAXES FOR THE PERIOD	**395,606**	**339,138**
3	Income taxes	-111,139	-98,308
	PROFIT (LOSS) AFTER TAX FOR THE PERIOD	**284,467**	**240,830**
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	-	-
	CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	**284,467**	**240,830**
	of which attributable to the Group	284,467	240,830
	of which attributable to minority interests		-

The figures for 2013 and the six months ended 30 June 2013 have been restated when required by the IFRS and, where necessary, to reflect changes in the consolidation scope.

Statement of comprehensive income

thousands €

INTESA SANPAOLO VITA S.p.A.	Total 30-06-2014	Total 30-06-2013
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	**284,467**	**240,830**
Other comprehensive income after taxes without reclassification in the income statement	**-75**	**-137**
Change in shareholders' equity of subsidiaries		-
Changes in the revaluation reserve of intangible assets		-
Changes in the revaluation reserve of tangible assets		-
Gains (losses) of non-current assets held for sale and discontinued operations		-
Actuarial gains (losses) arising from defined benefit plans	-75	-137
Other items		-
Other comprehensive income after taxes with reclassification in the income statement	**190,329**	**-52,407**
Foreign currency translation differences	-1	9
Net unrealized gains (losses) on available for sale financial assets	190,330	-52,423
Net unrealized gains (losses) on cash flow hedging derivatives		7
Net unrealized gains (losses) on hedge of a net investment in foreign operation		-
Change in shareholders' equity of subsidiaries		-
Gains (losses) of non-current assets held for sale and discontinued operations		-
Other items		-
TOTAL OF OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME	**190,254**	**-52,544**
TOTAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**474,721**	**188,286**
of which attributable to the Group	**474,721**	**188,286**
of which attributable to minority interests	**-**	**-**

Statement of changes in equity

thousands €

INTESA SANPAOLO VITA S.p.A.		Amount as of 31-12-2012	Change in Closing Balances	Allocations	Reclassification adjustments to income statement	Transfers	Amount as of 30-06-2013
Shareholders' equity attributable to the Group	Share capital	320,323					320,323
	Other equity instruments	-					-
	Capital reserves	1,327,197					1,327,197
	Revenue reserves and other reserves	2,335,077		342,806		-199,937	2,477,946
	(Own shares)	-					-
	Result for the period	342,806		-101,976			240,830
	Other comprehensive income	252,513		-133	-43,056	-9,355	199,969
	Total attributable to the Group	**4,577,916**	**-**	**240,697**	**-43,056**	**-209,292**	**4,566,265**
Shareholders' equity attributable to minority interests	Shareholder capital and reserves	-					-
	Result for the period	-					-
	Other comprehensive income	-					-
	Total attributable to minority interests	**-**	**-**	**-**	**-**	**-**	**-**
Total		**4,577,916**	**-**	**240,697**	**-43,056**	**-209,292**	**4,566,265**

INTESA SANPAOLO VITA S.p.A.		Amount as of 31-12-2013	Change in Closing Balances	Allocations	Reclassification adjustments to income statement	Transfers	Amount as of 30-06-2014
Shareholders' equity attributable to the Group	Share capital	320,323					320,323
	Other equity instruments	-					-
	Capital reserves	1,327,197					1,327,197
	Revenue reserves and other reserves	2,014,450		346,699		227	2,361,376
	(Own shares)	-					-
	Result for the period	346,699		-62,232			284,467
	Other comprehensive income	320,658		-240	-24,692	215,186	510,912
	Total attributable to the Group	**4,329,327**	**-**	**284,227**	**-24,692**	**215,413**	**4,804,275**
Shareholders' equity attributable to minority interests	Shareholder capital and reserves						-
	Result for the period						-
	Other comprehensive income						-
	Total attributable to minority interests	**-**	**-**	**-**	**-**	**-**	**-**
Total		**4,329,327**	**-**	**284,227**	**-24,692**	**215,413**	**4,804,275**

Statement of cash flows (indirect method)

thousands €

INTESA SANPAOLO VITA S.p.A.	30-06-2014	30-06-2013
Profit (loss) before taxes for the period	**395,606**	**339,138**
Change in non-cash items	**8,242,670**	**2,416,397**
Change in non-life provision from unearned premium	-5,750	30,234
Change in non-life provision for outstanding claims and other insurance provisions	3,563	9,807
Change in mathematical provisions and other life insurance provisions	7,928,197	1,882,781
Change in deferred acquisition costs	215	323
Change in provisions	-22	-4,576
Non-cash income and expenses from financial instruments, investment property and equity investments	236,203	524,314
Other expenses	80,264	-26,486
Change in receivables and payables generated by operating activities	**-123,368**	**-761,844**
Change in receivables and payables on direct insurance and reinsurance operations	18,022	11,076
Change in other receivables and payables	-141,390	-772,920
Income taxes paid	**-111,139**	**-98,308**
Net cash generated/absorbed by cash items related to investment and financing activity	**1,007,682**	**-45,332**
Financial liabilities related to investment contracts	1,163,312	-1,079,816
Payables to banks and customers	-	-
Loans and receivable from banks and customers	-	-
Other financial instruments at fair value through profit or loss	-155,630	1,034,484
CASH FLOW FROM OPERATING ACTIVITY	**9,411,451**	**1,850,051**
Net cash generated/absorbed by lands and buildings (investment property)	82	82
Net cash generated/absorbed by equity investments in subsidiaries, associates and joint ventures	-	13,200
Net cash generated/absorbed by loans and receivable	-1,050	-1,756
Net cash generated/absorbed by held to maturity investments	-	-
Net cash generated/absorbed by available for sale financial assets	-6,841,416	-1,648,441
Net cash generated/absorbed by tangible and intangible assets	-	-
Other cash generated/absorbed by investment activity	-	-
CASH FLOW FROM INVESTING ACTIVITY	**-6,842,384**	**-1,636,915**
Net cash generated/absorbed by Group's share capital and equity instruments	151	463,382
Net cash generated/absorbed by own shares	-	-
Dividends payment	-	-663,440
Net cash generated/absorbed by minority interests' share capital and reserves	-	-
Net cash generated/absorbed by subordinated liabilities and participative financial instruments	-25,000	412,000
Net cash generated/absorbed by other financial liabilities	-	-
CASH FLOW FROM FINANCING ACTIVITY	**-24,849**	**211,942**
Effect of foreign-exchange differences on cash and cash equivalents	-	-
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	2,117,695	4,702,399
INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS	**2,544,218**	**425,078**
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	4,661,913	5,127,477

The figures for 2013 and the six months ended 30 June 2013 have been restated when required by the IFRS and, where necessary, to reflect changes in the consolidation scope.

The Parent's legal representatives (*)

The Chairman – Luigi Maranzana (**)

.... (**)

.... (**)

.... (**)

.... (**)

(*) For foreign companies, the signature of the general representative for Italy is required.

(**) Specify the position held by the signatory representative.

Notes to the interim consolidated financial statements

Part A - Basis of preparation and accounting policies

Basis of preparation

THE LEGISLATIVE CONTEXT

As set forth by Legislative decree no. 38 of 28 February 2005, those companies falling under the scope of Legislative decree no. 209/05 "Codice delle Assicurazioni Private" (Italian Code for Private Insurance Companies), are required to draw up their consolidated financial statements, starting from 2005, in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission .

The consolidated financial statements of the Group have, therefore, been prepared in compliance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) endorsed by the European Commission up to 31 December 2013 pursuant to EC regulation 1606 of 19 July 2002, as well as applying the standards or subsequent amendments endorsed after that date.

In order to better guide the interpretation and application of the new accounting standards, further reference was made to the following documents, even though they have not been endorsed by the European Commission:

- "Framework for the preparation and presentation of financial statements" of the International Accounting Standards Board;
- "Implementation guidance, basis for conclusions" and any other documents prepared by the IASB or the International Financial Reporting Interpretations Committee (IFRIC) to complete the issued standards.

Lastly, again in terms of interpretation, the documents regarding the application of the IFRS prepared by the Italian Standard Setter Body (Organismo Italiano di Contabilità, OIC), the Italian Association of Insurance Companies (Associazione Nazionale delle Imprese di Assicurazioni, ANIA) and the Italian Banking Association (Associazione Bancaria Italiana, ABI) were considered.

BASIS OF PRESENTATION

These interim consolidated financial statements, prepared based on the provisions of technical forms issued by the Istitute for the supervision of private insurance companies (ISVAP) with regulation no. 7 of 13 July 2007, as subsequently amended and integrated, and IAS 34, comprise a statement of financial position, an income statement, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and these notes.

The interim consolidated financial statements and these notes have been drawn up in euro as the functional currency. The amounts are expressed in thousands of euro, unless specified otherwise.

Accounting policies

The accounting policies used to draw up these interim consolidated financial statements are the same as those applied to prepare the consolidated financial statements at 31 December 2013 to which reference should be made for more detailed information. The only exceptions relate to the introduction of new standards on consolidation.

Specifically, application of EC regulation no. 1254/2012 which endorsed IFRS 10, IFRS 11 and IFRS 12 and introduced amendments to existing standards (IAS 27 and IAS 28) is mandatory from 1 January 2014. The new requirements introduced by the above regulation were integrated by subsequent regulations (nos. 313 and 1174 of 2013), also applicable from 1 January 2014.

IFRS 10 introduces a single model for consolidation to be applied by all entities, regardless of their nature. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. This standard bases the concept of control on the concurrent existence of three elements:

- power over the investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of the investor's returns.

In general, IFRS 10 requires a more detailed analysis of control and more subjectivity compared to the previous standards.

The impact of EC regulation 1254/2012 and, more specifically, IFRS 10 to the consolidation scope of Intesa Sanpaolo Vita mainly relates to the deconsolidation of the OEICs underlying policies, the risk of which is borne by the policyholders and therefore the Group is not exposed to variations in the returns generated by such OEICs. The restatement of the amounts at 31 December 2013 led to a decrease of roughly €2.4 billion in consolidated assets while it did not impact profit or loss.

These accounting policies have been identified assuming the consolidated companies will continue to operate as it is deemed that there are no significant uncertainties that generate doubt as to their ability to continue as going concerns.

Share-based payment

Based on the treasury share repurchase programme commenced by Intesa Sanpaolo S.p.A. to service the employee free share assignment plan, the Group has purchased the ultimate parent's shares.

These shares are measured at fair value. Fair value gains or losses on the shares are recognised in profit or loss with a balancing entry under equity.

Part B - Consolidation policies and scope

Consolidation policies

These interim consolidated financial statements include, as well as the financial statements of the parent, Intesa Sanpaolo Vita, those of the subsidiaries Intesa Sanpaolo Life, Intesa Sanpaolo Assicura, EurizonVita (Beijing) Business Advisory and Intesa Sanpaolo Smart Care.

In compliance with IAS 27, all the investments in subsidiaries, including those working in business sectors that are different to those of the parent, are consolidated with the line-by-line method, which establishes the following:

- the financial statements drawn up according to the IFRS of the parent and its subsidiaries are grouped line by line, summing all the carrying amounts of the assets, liabilities, equity, revenue and costs;
- the carrying amount of the parent's investments in each subsidiary and the corresponding part of their equity are eliminated and the non-controlling interest in the profit or loss for the period and in equity is shown separately;
- any positive differences between the carrying amount of the parent's investments in each subsidiary and the corresponding part of their equity are allocated to the subsidiary's relevant assets and, for the remaining part, to goodwill at the time of first consolidation and, afterwards, among the equity reserves. Any negative differences are recognised in profit or loss. In the case where the investments held by the parent come from transactions carried out with Intesa Sanpaolo Group companies, because they are transactions between entities under common control and in the absence of explicit information regarding this situation in the IFRS, the same carrying amount was maintained;
- intragroup balances and transactions, including revenue, costs and dividends, are eliminated.

All the financial statements of the companies included in the consolidation scope have the same reporting date and are expressed in euro.

Segment reporting by geographical segment is not presented because the Group mainly operates in Italy.

The consolidation scope includes the vehicle Eurizon Multi Alfa as it is controlled by the parent as per the definition of IFRS 10. The other vehicles, OEICs and mutual funds, in which the internal funds of the unit-linked products are invested, included in the consolidation scope before application of IFRS 10, have been excluded from the consolidation scope as they do not meet the requirements for consolidation. Therefore, the Group restated the amounts at 31 December 2013 which affected the statement of financial position by €2.4 billion and did not affect the profit for the period.

The interim financial statements used for consolidation are those at 30 June 2014 as they were approved by the relevant bodies of the subsidiaries, adjusted where necessary to comply with the parent's accounting policies. All the group entities and companies use the euro as their functional and presentation currency.

Segment reporting is based on the significant business segments in which the Group operates as follows:

- Non-life insurance business
- Life insurance business.

Details are given in the annexes to the notes "Statement of financial position by business segment" and "Income statement by business segment".

Consolidation scope

Investments in subsidiaries, including in companies operating in business sectors that are different from that of the parent, are consolidated.

Special purpose vehicles, OEICs and mutual funds are also consolidated when they are controlled by the parent as per IFRS 10.

A list of the companies consolidated at 30 June 2014 is provided in the annex to the notes "Consolidation scope".

Part C - Notes to the statement of financial position

INTANGIBLE ASSETS (caption 1)

They amount to €631,972 thousand (€631,935 thousand at 31 December 2013).

This caption mainly comprise goodwill and the expenses incurred for software acquired from third parties or developed internally. The table below provides a breakdown of the caption:

thousands €

	At cost	At revaluation or at fair value	Total book value as at 30-06-2014	At cost	At revaluation or at fair value	Total book value as at 31-12-2013
Goodwill	631,656	-	631,656	631,656	-	631,656
Other intangible assets	316	-	316	329	-	329
Total	**631,972**	**-**	**631,972**	**631,985**	**-**	**631,985**

Goodwill of €631,656 thousand, unchanged from 31 December 2013, is essentially referred to the non-recurring transactions in which the Group was involved, especially the merger of Intesa Sanpaolo Vita and Sud Polo into the parent at 31 December 2011.

Valuation of the sustainability of the recognition of goodwill was conducted by benchmarking it against the overall intrinsic value of the Vita portfolio measured at 31 December 2013. The discount rate used to calculate the intrinsic value was derived from the Italian government reference curve at 31 December 2013 adjusted downwards for the so-called "Fundamental spread" component, variable by curve node (56 basis points at 7 years). This measurement, which gives values considerably higher than goodwill, was supported by the elements characterising the operations in the first six months of 2013 and mainly:

- the positive trend of new business, recording significant amounts and products with relative profitability above the portfolio's average, resulting in an increase in assets under management;
- the positive trend of operating costs, down again in the reporting period, also contributes to improving the future profitability of the existing portfolio;
- the positive financial market performance led to an improvement in the fair gains/losses on the segregated funds.

Moreover, the good performance of new business in the first half of 2014 and forecasts for the entire year are consistent with the 2013 results, without indicating subsequent events that may negatively affect measurement.

The measurement at 31 December 2013 and changes in the reporting period result in a higher portfolio fair value compared to its carrying amount; therefore, no impairment losses were recognised.

The reduction in the carrying amount of other intangible assets compared to 31 December 2013 is due to the amortisation for the period.

Other items of property, plant and equipment (caption 2.2)

This caption amounting to €1,230 thousand (€884 thousand at 31 December 2013) mainly comprises chattels, electronic systems, equipment and office machines.

REINSURERS' SHARE OF TECHNICAL PROVISIONS (caption 3)

The balance amounts to €25,118 thousand (€14,134 thousand at 31 December 2013, with an increase of €10,984 thousand compared to 31 December 2013.

The reinsurance treaties are entered into with leading counterparties whose degree of solvency is supported by the high ratings assigned.

INVESTMENTS (caption 4)

Total investments (investment property, equity investments and financial assets) amount to €83,647,185 thousand (€76,885,374 thousand at 31 December 2013).

Investment property (caption 4.1)

This caption, which includes the property in Via Hoepli 10, Milan, amounts to €19,497 thousand and is essentially unchanged from 31 December 2013 (€19,579 thousand).

The building component is depreciated over 30 years using a rate of 3.33%.

Financial assets (captions 4.3, 4.4, 4.5 and 4.6)

Financial assets amount to €83,627,688 thousand (€76,865,795 thousand at 31 December 2013). The related breakdown by classification category and investment type is given in the annex to the notes "Breakdown of financial assets".

Loans and receivables (caption 4.4)

They amount to €79,188 thousand (€78,138 thousand at 31 December 2013) as follows:

thousands €

	30-06-2014	31-12-2013
Loans and receivables from bank customers	1,180	2,008
Loans and receivables from banks	75,186	73,403
Deposits under reinsurance business	-	91
Other loans and receivables	2,822	2,636
- policy loans	435	467
- collateral loans	-	-
- employee loans	-	-
- others	2,387	2,169
Total	**79,188**	**78,138**

The maximum exposure to the credit risk on loans and receivables is €79,188 thousand, i.e., the carrying amount of such assets.

Loans and receivables with banks mainly consist of debt instruments and are mostly short-term.

"Others" includes the investment in BluGem Luxembourg and profit participating equities certificates.

A breakdown of the caption by fair value level is provided in the annex to the notes "*Assets and liabilities not measured at fair value: breakdown by fair value level*".

Available-for-sale financial assets (caption 4.5)

They amount to €61,489,270 thousand (€54,649,328 thousand at 31 December 2013), mainly comprise bonds and may be broken down as follows:

thousands €

	30-06-2014				31-12-2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Debt securities	55,738,705	2,155,046	163,992	58,057,743	49,626,535	2,075,731	260,498	51,962,764
- Structured securities	831,685	280,328	145,208	1,257,221	599,775	282,429	192,715	1,074,920
- Other debt securities	54,907,020	1,874,718	18,784	56,800,522	49,026,760	1,793,302	67,783	50,887,844
Equities	680,929	1	143,164	824,094	618,367	1	145,261	763,629
- Measured at cost	-	-	53	53	-	-	51	51
- Measured at fair value	680,929	1	143,111	824,041	618,367	1	145,210	763,578
UCI shares	2,519,477	81,920	6,036	2,607,433	1,837,115	79,723	6,097	1,922,935
Total	**58,939,111**	**2,236,967**	**313,192**	**61,489,270**	**52,082,017**	**2,155,455**	**411,856**	**54,649,328**

Changes in the Level 3 assets are presented in the annex to the notes "Changes in Level 3 financial assets and liabilities".

The impairment test of investments classified as available-for-sale, which was conducted in compliance with the criteria set out in detail in the section on the accounting policies, led to recognition of losses of €1,391 thousand.

The following table shows the carrying amount of the Group's exposure to sovereign risk:

thousands €

	DEBT SECURITIES	
	Government bonds	Other debt securities
	Carrying amount	Carrying amount
Schengen countries	**46,635,048**	**9,962,485**
AUSTRIA	9,931	2,211
BELGIUM	16,846	8,739
BULGARIA	-	3,260
DENMARK	-	34,207
FINLAND	3,170	-
FRANCE	83,310	583,008
GERMANY	1,745,528	221,305
IRELAND	111,380	231,036
ITALY	44,277,975	6,750,313
LUXEMBOURG	3,269	595,494
NORWAY	-	5,783
NETHERLANDS	76,744	569,336
PORTUGAL	28,794	14,236
UK	10,157	465,641
ROMANIA	6,353	-
SLOVENIA	6,246	-
SPAIN	230,405	475,048
SWEDEN	-	2,868
HUNGARY	24,940	-
Americas	**376,119**	**512,797**
Other countries	270,906	300,388
TOTAL	**47,282,073**	**10,775,670**

Financial assets at fair value through profit or loss (caption 4.6)

They amount to €22,059,230 thousand (€22,138,329 thousand at 31 December 2013) and include assets held for trading (€987,671 thousand) and assets designated at fair value through profit or loss (€21,071,559 thousand).

Financial assets held for trading

Financial assets held for trading amount to €987,607 thousand (€1,063,134 thousand at 31 December 2013).

Changes in Level 3 financial assets held for trading are set out in the annex to the notes "Changes in Level 3 financial assets and liabilities".

The breakdown of the caption at 30 June 2014 is set out below:

thousands €

	30-06-2014				31-12-2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Debt securities	202,330	164,571	22,083	388,984	192,735	243,841	19,023	455,599
- Structured securities	7,013	123,795	22,083	152,891	12,678	206,330	19,023	238,031
- Other debt securities	195,317	40,776	-	236,093	180,057	37,511	-	217,568
Equities	-	-	-	-	-	-	-	-
UCI shares	385,367	-	-	385,367	397,651	-	-	397,651
Derivative instruments	-	212,576	680	213,256	8,193	200,654	1,037	209,884
Total	**587,697**	**377,147**	**22,763**	**987,607**	**598,579**	**444,495**	**20,060**	**1,063,134**

Assets designated at fair value through profit or loss

Assets designated at fair value through profit or loss amount to €21,071,623 thousand (€21,075,195 thousand at 31 December 2013).

The breakdown of the caption at 30 June 2014 is set out below:

thousands €

	30-06-2014				31-12-2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Debt securities	1,119,685	1,842,169	222,167	3,184,021	483,270	3,771,844	258,720	4,513,834
- Structured securities	126,132	1,262,765	222,167	1,611,064	110,922	2,092,177	258,720	2,461,819
- Other debt securities	993,553	579,404	-	1,572,957	372,348	1,679,667	-	2,052,015
Equities	5,733	-	-	5,733	5,513	-	-	5,513
UCI shares	17,553,849	63,233	-	17,617,082	16,121,179	64,540	-	16,185,719
Other financial investments	204,198	60,589	-	264,787	252,267	117,674	-	369,941
Derivative instruments	-	-	-	-	188	-	-	188
Total	**18,883,465**	**1,965,991**	**222,167**	**21,071,623**	**16,862,417**	**3,954,058**	**258,720**	**21,075,195**

Derivatives are associated with primary investments held by the Group or with derivative transactions aimed at the acquisition of primary investments. The associated derivatives are aimed at minimising the financial risks in the investment portfolio.

OTHER RECEIVABLES (caption 5)

They amount to €574,050 thousand (€588,435 thousand at 31 December 2013).

Other receivables include, in particular, receivables from the ultimate parent for payment of the IRES advance (€357,856 thousand), tax assets (€45,540 thousand) and management commissions on unit-linked and index-linked policies (€35,094 thousand).

The following table sets out details of the caption at 30 June 2014:

thousands €

	30-06-2014	31-12-2013
Receivables arising out of direct insurance operations (caption 5.1)	**23,423**	**24,405**
Receivables from the insured for premiums	10,330	11,137
Receivables from intermediaries	9,521	8,920
Receivables from companies for co-insurance contracts	2,822	3,827
Other receivables from direct insurance operations	750	521
Receivables arising out of reinsurance operations (caption 5.2)	**3,571**	**2,073**
Other receivables (caption 5.3)	**547,056**	**561,957**
Tax receivables	45,540	38,030
Management commissions on unit-linked policies	35,094	38,921
Receivables from Intesa Sanpaolo for advance tax	357,856	450,295
Other receivables	108,566	34,711
Total	**574,050**	**588,435**

OTHER ASSETS (caption 6)

They amount to €1,713,563 thousand (€1,494,670 thousand at 31 December 2013).

thousands €

	30-06-2014	31-12-2013
Non-current assets or disposal groups classified as held for sale	-	-
Deferred acquistion costs	116	331
Deferred tax assets	174,887	160,205
Tax receivables	1,403,537	1,248,102
Other assets	135,023	86,032
Deferred commissions on investment contracts	100,389	*73,558*
Other assets	*34,634*	*12,474*
Total	**1,713,563**	**1,494,670**

Deferred acquisition costs (caption 6.2)

This caption includes deferred acquisition costs associated with insurance contracts, mainly related to the Group's non-life insurance portfolio (€116 thousand).

Deferred tax assets (caption 6.3)

This caption includes deferred tax assets through profit or loss of €174,887 thousand (€160,205 thousand at 31 December 2013).

thousands €

	30-06-2014	31-12-2013
Deferred tax assets recorded as a balancing entry under the income statement	174,728	160,058
Deferred tax assets recorded as a balancing entry under shareholders' equity	159	147
Total	**174,887**	**160,205**

Deferred tax assets derive from deductible temporary differences, such as losses on securities, amortisation of insurance contract portfolios, accruals to provisions for risks and charges, amortisation of intangible assets and unused tax losses carried forward. They were calculated using the current tax rate.

Current tax assets (caption 6.4)

Current tax assets amount to €1,403,537 thousand (€1,248,102 thousand at 31 December 2013). The caption includes payments on account and other tax receivables for withholdings or prior year tax assets that can be offset against taxes of subsequent years. The caption also comprises tax assets on mathematical provisions pursuant to article 1.2 of Legislative decree no. 209/2002 as converted by article 1 of Law no. 265/2002 and subsequent amendments.

The following table sets out details of the caption at 30 June 2014:

thousands €

	30-06-2014	31-12-2013
Direct taxes	108,339	156,526
Tax on mathematical reserves	1,295,198	1,091,576
Total	**1,403,537**	**1,248,102**

Other assets (caption 6.5)

Other assets amount to €135,023 thousand (€86,032 thousand at 31 December 2013). The caption mainly comprises deferred commission expense of €100,389 thousand associated with products of a financial nature without discretionary participation features, such as index-linked and unit-linked policies.

The following table sets out details of the caption at 30 June 2014:

thousands €

	30-06-2014	31-12-2013
Deferred commissions on investment contracts	100,389	73,558
Other assets	34,634	12,474
Total	**135,023**	**86,032**

CASH AND CASH EQUIVALENTS (caption 7)

At 30 June 2014, cash and cash equivalents amount to €4,661,913 thousand (€2,117,695 thousand at 31 December 2013). The caption includes cash and cash equivalents and demand deposits, including treasury current accounts.

EQUITY (caption 1)

This caption includes equity instruments making up equity, in line with the rules laid down by the Italian Civil Code and the laws regulating the insurance sector, taking into account the necessary adjustments for consolidation. The table below provides a breakdown of the caption at 30 June 2014:

thousands €

	30-06-2014	31-12-2013
Share capital	320,323	320,323
Capital reserves	1,327,197	1,327,197
Revenue reserve and other reserves	2,361,376	2,014,450
Treasury shares	-	-
Reserves for currency translation differences	- 4	- 3
Reserve for unrealised gains and losses on assets available for sale	511,378	321,048
Reserve for other unrealised gains and losses through equity	- 462	- 387
Group's share of profit (loss) for the period	284,467	346,699
Total Group shareholders' equity	**4,804,275**	**4,329,327**

The change in equity reflects the profit for the period and the variation in the fair value reserve.

Share capital (caption 1.1.1)

The parent's share capital amounts to €320,323 thousand, divided into 647,398,627 ordinary registered shares with no nominal amount.

Equity-related reserves (caption 1.1.3)

These reserves of €1,327,197 thousand include the parent's share premium reserve.

Income-related and other reserves (caption 1.1.4)

The caption includes the legal reserve, the statutory reserve, the extraordinary reserve and other reserves. It also includes the IFRS FTA reserve. These reserves amount to €2,361,376 thousand compared to €2,014,450 thousand at 31 December 2013.

The increase is mainly due to the allocation of the profit for the prior year.

Fair value reserve (caption 1.1.7)

The caption includes fair value gains and losses deriving from the remeasurement of financial instruments classified as available-for-sale financial assets.

As a result of application of shadow accounting, the differences between the fair value and cost of the aforementioned instruments, net of the tax effects, are recognised in this reserve for the sole part pertaining to the Group. The policyholders' portion is included under the technical provisions.

The table below provides a breakdown of the caption at 30 June 2014:

thousands €

	30-06-2014			31-12-2013		
	Positive reserve	Negative reserve	Total	Positive reserve	Negative reserve	Total
Total gross of shadow accounting	5,197,322	-28,545	5,168,777	2,145,393	-117,394	2,027,999
- Debt securities	4,899,809	-6,414	4,893,395	1,910,183	-71,182	1,839,001
- Equities	168,317	-943	167,374	144,755	-1,409	143,346
- UCI shares	129,196	-21,188	108,008	90,455	-44,803	45,652
Shadow accounting	-4,432,413	31,693	-4,400,720	-1,638,542	96,326	-1,542,216
Total gross of tax	764,909	3,148	768,057	506,851	-21,068	485,783
Tax effects	-257,928	1,249	-256,679	-173,956	9,221	-164,735
Total	**506,981**	**4,397**	**511,378**	**332,895**	**-11,847**	**321,048**

The following table shows changes in the caption in the period:

thousands €

	Debt securities	Equities	UCI shares	30-06-2014	31-12-2013
Initial amount	**278,781**	**36,688**	**5,579**	**321,048**	**252,676**
Increases	**162,800**	**-3,819**	**692**	**159,673**	**94,991**
New entities included in the scope of consolidation	-	-	-	-	-
Positive fair value differences	306,221	4,546	7,688	318,455	235,788
Operating allocations	706	16	736	1,458	56,394
Impairment losses	-	-	-	-	-
Other positive changes	-144,127	-8,381	-7,732	-160,240	-197,191
Decreases	**28,181**	**-824**	**3,300**	**30,657**	**-26,619**
New entities included in the scope of consolidation	-	-	-	-	-
Negative fair value differences	-3,108	-2,939	-573	-6,620	-34,396
Benefits paid	-3	-	-	-3	118
Outgoing companies	-23,481	-1,131	-1,535	-26,147	-8,964
Other negative changes	54,773	3,246	5,408	63,427	16,623
Final amount	**469,762**	**32,045**	**9,571**	**511,378**	**321,048**

PROVISIONS (caption 2)

The caption amounts to €8,293 thousand at 30 June 2014 (€8,315 thousand at 31 December 2013). Other provisions mainly include accruals for future personnel expense and for product disputes. The other decreases principally consists of savings on expenses provided for in relation to the merger of Intesa Sanpaolo Vita.

The following table shows changes in the caption in the period:

thousands €

	Accantonamenti connessi ad aspetti fiscali	Altri accantonamenti	30-06-2014	31-12-2013
Initial amount	**-**	**8,315**	**8,315**	**15,465**
Increases	**-**	**-**	**-**	**2,674**
Increases	-	-	-	-
Operating allocations	-	-	-	860
Other increases	-	-	-	1,814
Decreases	**-**	**-22**	**-22**	**-9,824**
Benefits paid	-	-20	-20	-4,774
Outgoing companies	-	-	-	-
Other decreases	-	-2	-2	-5,050
Final carrying amount	**-**	**8,293**	**8,293**	**8,315**

INSURANCE PROVISIONS (caption 3)

The table below provides a breakdown of the caption at 30 June 2014:

thousands €

	Direct business	Indirect business	30-06-2014	31-12-2013
Non-life reserves	**484,004**	**-**	**484,004**	**474,900**
Premium reserve	315,296	-	315,296	311,925
Claims reserve	168,047	-	168,047	162,274
Other reserves	661	-	661	701
- of which provisions for liabilities adequacy test	-	-	-	-
Life reserves	**65,665,030**	**-**	**65,665,030**	**57,927,470**
Mathematical provisions	58,767,461	-	58,767,461	53,118,271
Reserve for amounts to be disbursed	389,121	-	389,121	281,936
Provisions where the investment risk is borne by the policyholders and for pension funds	2,234,239	-	2,234,239	3,095,767
Other reserves	4,274,209	-	4,274,209	1,431,496
Total	**66,149,034**	**-**	**66,149,034**	**58,402,370**

The insurance provisions of the life business grew by 13%. This change can be attributed to the portfolio's performance which records net cash inflows, the revaluation of benefits and the trend of the shadow accounting provision (included in the other provisions), which shows a significant increase, especially in relation to the performance of the financial markets.

FINANCIAL LIABILITIES (caption 4)

Financial liabilities amount to €18,856,604 thousand (€17,718,292 thousand at 31 December 2013). The related breakdown by category and investment type is given in the annex to the notes "*Breakdown of financial liabilities*".

Financial liabilities at fair value through profit or loss (caption 4.1)

They amount to €18,220,155 thousand (€17,100,776 thousand at 31 December 2013) and include financial liabilities held for trading and financial liabilities at fair value through profit or loss. The breakdown by level is shown in the annex to the notes "*Breakdown of financial assets and liabilities by level*".

Other financial liabilities (caption 4.2)

The caption includes subordinated liabilities and financial liabilities associated with investments contracts with specific asset products.

The table below gives a breakdown of the caption:

thousands €

	30-06-2014	31-12-2013
Subordinated liabilities	605,133	617,218
Financial liabilities associated with policies with specific assets	-	-
Other financial liabilities	21,572	298
Deposits received from reinsurers	9,744	-
Total	**636,449**	**617,516**

LIABILITIES (caption 5)

The following table sets out details of the caption at 30 June 2014:

thousands €

	30-06-2014	31-12-2013
Payables arising out of direct insurance operations	94,784	78,069
Payables arising out of reinsurance operations	2,686	863
Other payables	349,629	358,838
Total	**447,099**	**437,770**

The caption "Direct insurance liabilities" of €94,784 thousand mainly includes commissions payable to distribution networks, as well as items to be settled deriving from co-insurance agreements.

"Other liabilities" includes trade payables arising from direct and indirect insurance transactions of €159,648 thousand. The caption also comprises the liability for post-employment benefits.

Post-employment benefits

This caption showed the following changes during the period:

thousands €

	30-06-2014	31-12-2013
Net liabilities as at the start of the period	**2,653**	**2,410**
Increases	**60**	**734**
- New entities included in the scope of consolidation	-	-
- Recognised current service costs	-	359
- Transfers between Group companies	-	-
- Interest expenses	32	147
- Other positive changes	28	228
Decreases	**- 7**	**- 491**
- Benefits paid	- 7	- 162
- Current service cost	-	-
- Reductions	-	-
- Other negative changes	-	- 329
- Outgoing companies	-	-
Net liabilities as at the end of the period	**2,706**	**2,653**

OTHER LIABILITIES (caption 6)

Deferred tax liabilities (caption 6.2)

This caption includes deferred tax liabilities, as defined and regulated by IAS 12. The caption increased during the period from €463,439 thousand to €558,718 thousand.

The following table sets out details of the caption at 30 June 2014:

thousands €

	30-06-2014	**31-12-2013**
Deferred tax liabilities - amount impact on the income statement	301,882	298,528
Deferred tax liabilities - amount impact on shareholders' equity	256,836	164,911
Total	**558,718**	**463,439**

Current tax liabilities (caption 6.3)

The caption, amounting to €301,161 thousand, mainly comprises the accrual for the tax on the mathematical provisions (Law no. 265/2002) accrued at the reporting date.

Other liabilities (caption 6.4)

The following table sets out details of this caption:

thousands €

	30-06-2014	31-12-2013
Deferred liabilities relating to investment contracts	5,986	8,864
Pension funds	293	211
Seniority bonuses	1,738	1,475
Deferred operating costs	-	-
Other liabilities	121,830	29,538
Total	**129,847**	**40,088**

The caption mainly includes liabilities relating to deferred commission income relating to index and unit-linked investment contracts with an insurance risk considered to be not significant and to long-term employee benefits.

Deferred liabilities relating to investment contracts refer to index-linked policies (€4,782 thousand, €7,990 thousand at 31 December 2013) and unit-linked policies (€1,204 thousand, €874 thousand at 31 December 2013).

Deferred operating costs include the portion of the future expenses provision set aside for financial contracts in relation to which it was not necessary to defer the loading.

Other liabilities mainly include the provision for retention commissions. These liabilities refer to the accrual for the cost of retention commissions accrued at the reporting date, even though the related obligation has not materialised since their payment is subject to the retention of the contracts in the portfolio on the renewal date.

Part D - Notes to the income statement

REVENUE

Net earned premiums (caption 1.1)

The net earned premiums for the period amount to €7,787,986 thousand, showing an increase of 69% compared to the corresponding period of 2013. The increase is the result of commercial activities carried out by the distribution networks which also made it possible to achieve a particularly appreciated streamlining of the product range. The improved service quality of the last two years also enhanced the perception of quality and efficiency of the companies with potential future effects.

thousands €

	30-06-2014			30-06-2013		
	Gross amount	Ceded amount	Net amount	Gross amount	Ceded amount	Net amount
Non-life gross earned premiums	107,394	- 3,739	103,655	107,319	- 3,549	103,770
Gross written premiums	*110,764*	*- 3,141*	*107,623*	*133,427*	*- 3,045*	*130,382*
Change in provisions for unearned premi	*- 3,370*	*- 598*	*- 3,968*	*- 26,108*	*- 504*	*- 26,612*
Life gross written premiums	7,684,828	- 497	7,684,331	4,514,456	- 400	4,514,056
Total	**7,792,222**	**- 4,236**	**7,787,986**	**4,621,775**	**- 3,949**	**4,617,826**

Commission income (caption 1.2)

Commissions refer to financial contracts which do not have a significant insurance risk and do not include discretionary participation features, such as index-linked and unit-linked policies.

Commission income includes premium loading and, for the unit-linked policies, the management commissions on contracts with investments in an internal fund. Other commission income includes the management commissions retroceded by the managers to the companies for unit-linked products.

The following table shows the details of commission income for the period:

thousands €

	30-06-2014	30-06-2013
Fee and commission income related to Unit Linked	117,578	111,969
Fee and commission income related to Index Linked	3,207	4,522
Other Fees and commission income	10,698	16,132
Total	**131,483**	**132,623**

Gains and losses from financial instruments at fair value through profit or loss (caption 1.3)

This caption is a net loss of €15,666 thousand (net gain of €60,926 thousand for the corresponding period of 2013). It is broken down in the annex "*Gains and losses on financial instruments and investments*".

The smaller net gains on financial instruments at fair value through profit or loss are mainly due to the smaller change in fair value observed on financial markets compared to the corresponding period of the previous year which affected both instruments designated at fair value through profit or loss and investments held for trading.

Gains on other financial instruments and investment property (caption 1.5)

This caption amounts to €1,241,884 thousand (€1,099,051 thousand for the corresponding period of 2013). The increase is substantially due to the rise in volumes managed on average and the higher disposals compared to the first six months of 2013. A breakdown of the caption is given in the annex to the notes "*Gains and losses on financial instruments and investments*".

OTHER INCOME (caption 1.6)

This item amounts to €49,449 thousand (€40,697 thousand for the corresponding period of 2013) and mainly consists of other technical income (€26,137 thousand), mostly relating to the management commissions for unit-linked products classified as insurance products, and exchange rate gains on investments (€14,995 thousand).

COSTS

Net insurance benefits and claims (caption 2.1)

The caption amounts to €8,361,241 thousand (€5,125,353 thousand for the corresponding period of 2013) as follows:

thousands €

	30-06-2014			30-06-2013		
	Gross amount	Ceded amount	Net amount	Gross amount	Ceded amount	Net amount
Non-life net insurance benefits and claims	**-53,040**	**4,048**	**-48,992**	**-46,871**	**2,999**	**-43,872**
Claims payment	-47,855	1,836	-46,019	-34,828	1,397	-33,431
Change in the provisions for outstanding claims	-5,775	2,212	-3,563	-12,549	1,602	-10,947
Change in claims paid to be recovered	549	-	549	301	-	301
Change in other insurance provisions	41	-	41	205	-	205
Life net insurance benefits and claims	**-8,312,169**	**-80**	**-8,312,249**	**-5,081,407**	**-74**	**-5,081,481**
Claims payment	-3,416,663	226	-3,416,437	-3,051,992	352	-3,051,640
Change in the provisions for outstanding claims	-107,185	37	-107,148	-84,159	-54	-84,213
Change in the mathematical provisions	-5,665,640	-343	-5,665,983	-2,776,932	-372	-2,777,304
Change in the provisions for policies where the investment risks to be borne by the policyholders and provisions for pension fund	861,528	-	861,528	880,706	-	880,706
Change in other insurance provisions	15,791	-	15,791	-49,030	-	-49,030
Total	**-8,365,209**	**3,968**	**-8,361,241**	**-5,128,278**	**2,925**	**-5,125,353**

The increase in amounts paid in the life business (12%) is mostly due to the rise in claims and maturities.

COMMISSION EXPENSE (caption 2.2)

Commission expense includes the commissions for the acquisition of contracts classified as financial and, for the unit-linked policies, the management commissions retroceded to placement agents. The following table gives a breakdown of the caption for the period:

thousands €

	30-06-2014	30-06-2013
Fee and commission expenses for management, dealing and consultancy services	364	212
Fee and commission expenses related to Unit Linked	64,743	64,481
Fee and commission expenses related to Index Linked	15,827	18,011
Management Fee and commission income on retroceded Unit Linked funds	382	455
Other fee and commission expenses	114	397
Total	**81,430**	**83,556**

Losses on other financial instruments and investment property (caption 2.4)

The caption amounts to €25,251 thousand (€74,095 thousand for the corresponding period of 2013).

Its breakdown is provided in the annex to the notes "*Gains and losses on financial instruments and investments*". The caption mainly consists of interest expense of €15,138 thousand.

OPERATING COSTS (caption 2.5)

The following table gives a breakdown of the costs in question:

thousands €

	30-06-2014	30-06-2013
Gross commissions and other acquistion costs	**164,654**	**155,611**
Acquisition commission	105,544	103,449
Other acquisition costs	15,281	19,090
Change in deferred acquistion costs	392	591
Collection commission	43,437	32,481
Commission and share in profits received from reinsurers	**- 368**	**- 462**
Investments management expenses	**22,406**	**22,544**
Other administration costs	**23,332**	**18,271**
Total	**210,024**	**195,964**

The investment management costs mainly consist of investment management commissions and custody expenses (€15,332 thousand) and the costs of financial instruments (€7,074 thousand). The change in other administrative costs is in line with operating and organisational developments of the parent.

OTHER COSTS (caption 2.6)

This caption, equal to €121,584 thousand (€133,017 thousand for the first half of 2013) includes, inter alia, the net accruals to the provisions for risks and charges (€36 thousand), depreciation, amortisation and impairment losses on property, plant and equipment and intangible assets (€23 thousand), exchange rate losses (€2,411 thousand) and other technical costs (€115,686 thousand). The latter amount mostly consists of retention commissions recognised to the sales network.

INCOME TAXES (caption 3)

This caption represents the consolidated tax expense calculated in compliance with the rules in force in the different countries where the group companies operate, taking into account the effects of deferred tax assets and liabilities.

The following table sets out details of this caption:

thousands €

	30-06-2014	30-06-2013
Income taxes	122,454	98,870
Change in income taxes of previous years	-	1
Change in deferred tax assets	-7,912	8,629
Change in deferred tax liabilities	-3,403	-9,192
Total	**111,139**	**98,308**

Part F - Related parties

The group companies have performed transactions with companies of the Intesa Sanpaolo Group as part of their normal operations, which are summarised below. These transactions were carried out at normal market conditions and to both parties' mutual advantage. The group did not carry out atypical and/or unusual transactions during the year, either intragroup, with related parties or third parties.

thousands €

	Ultimate Parent	Entities controlled by Intesa Sanpaolo
Assets	6,453,164	700,724
Liabilities	274,683	86,355
Guarantees	-	-
Income	305,967	114,044
Costs	-220,456	-298,979
Total	**6,813,358**	**602,144**

Assets and liabilities mainly refer to:

- ownership of bonds issued by the ultimate parent, Intesa Sanpaolo, or its subsidiaries;
- ownership of OEIC units managed by Intesa Group companies;
- financial protection arrangements for unit-linked products;
- receivables and payables relating to personnel secondment or recharging of costs for the use of equipped space made available by the Group;
- commission expense which is deferred and relates to contracts which do not fall under the scope of application of IFRS 4;
- deposits on current accounts opened with group banks;
- security deposits with Intesa Sanpaolo and its subsidiaries;
- liabilities for investment contracts which do not fall under the scope of application of IFRS 4;
- liabilities relating to an insurance capitalisation contract for the partial accumulation of post-employment benefits of employees of Intesa Sanpaolo;
- subordinated loans;
- commissions payable to the Intesa Sanpaolo networks accrued by the latter against the placement of products of insurance companies;
- receivables and payables with the ultimate parent Intesa Sanpaolo for the tax consolidation scheme for IRES purposes;
- payables to Intesa Sanpaolo Group companies that provide IT services.

Income and expense refer mainly to:

- net gains on the financial instruments issued by group companies;
- fees that have accrued on current accounts opened with banks;
- costs and income from existing service contracts involving the reciprocal secondment of personnel or making available equipped spaces;
- other net expenses from liquidations of insurance services to group companies and the change in the technical provisions;
- interest expense on subordinated loans;
- the cost of commission fees and commission expense to the network for the placement of insurance or investment contracts;
- management commissions recognised to group companies that manage the securities portfolios;
- expenses for IT services supplied by the outsourcer of the Intesa Sanpaolo Group .

Significant non-recurring events and transactions

Please see the "Other information" section of the Directors' report for information on significant non-recurring events and transactions.

The Parent's legal representatives (*)

The Chairman – Luigi Maranzana (**)

.... (**)

.... (**)

.... (**)

.... (**)

(*) For foreign companies, the signature of the general representative for Italy is required.

(**) Specify the position held by the signatory representative.

Annexes to the notes to the interim consolidated financial statements

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **FY: 2014**

Balance sheet by segment

value in €

		Non-life segment		Life segment		Consolidation adjustements		Total	
		Total 30-06-2014	Total 31-12-2013	Total 30-06-2014	Total 31-12-2013	Total 30-06-2014	Total 31-12-2013	Total 30-06-2014	Total 31-12-2013
1	**INTANGIBLE ASSETS**	**27,816,000**	**27,820,000**	**631,965,000**	**631,974,000**	**-27,809,000**	**-27,809,000**	**631,972,000**	**631,985,000**
2	**TANGIBLE ASSETS**	**95,000**	**108,000**	**1,135,000**	**776,000**	**-**	**-**	**1,230,000**	**884,000**
3	**AMOUNT CEDED TO REINSURERS FROM**	**22,837,000**	**11,546,000**	**2,281,000**	**2,588,000**	**-**	**-**	**25,118,000**	**14,134,000**
4	**INVESTMENTS**	**508,486,000**	**520,950,000**	**83,222,562,000**	**76,448,287,000**	**-83,863,000**	**-83,863,000**	**83,647,185,000**	**76,885,374,000**
4.1	Land and buildings (investment properties)	-	-	19,497,000	19,579,000	-	-	19,497,000	19,579,000
4.2	Investments in subsidiaries, associates and joint ventures	-	-	83,863,000	83,863,000	-83,863,000	-83,863,000	-	-
4.3	Investments Held to maturity	-	-	-	-	-	-	-	-
4.4	Loans and receivables	-	-	79,188,000	78,138,000	-	-	79,188,000	78,138,000
4.5	Financial assets available for sale	497,793,000	508,825,000	60,991,477,000	54,140,503,000	-	-	61,489,270,000	54,649,328,000
4.6	Financial assets at fair value through profit and loss	10,693,000	12,125,000	22,048,537,000	22,126,204,000	-	-	22,059,230,000	22,138,329,000
5	**RECEIVABLES**	***29,697,000***	***29,831,000***	***545,214,000***	***559,036,000***	***-861,000***	***-432,000***	***574,050,000***	***588,435,000***
6	**OTHER ASSETS**	**26,138,000**	**25,375,000**	**1,687,491,000**	**1,469,646,000**	**-66,000**	**-351,000**	**1,713,563,000**	**1,494,670,000**
6.1	Deferred acquisition costs	116,000	331,000	-	-	-	-	116,000	331,000
6.2	Other assets	26,022,000	25,044,000	1,687,491,000	1,469,646,000	-66,000	-351,000	1,713,447,000	1,494,339,000
7	**CASH AND CASH EQUIVALENTS**	**139,617,000**	**83,323,000**	**4,522,296,000**	**2,034,372,000**	**-**	**-**	**4,661,913,000**	**2,117,695,000**
	TOTAL ASSETS	**754,686,000**	**698,953,000**	**90,612,944,000**	**81,146,679,000**	**-112,599,000**	**-112,455,000**	**91,255,031,000**	**81,733,177,000**
1	**SHAREHOLDERS' EQUITY**							**4,804,275,000**	**4,329,327,000**
2	**OTHER PROVISIONS**	**1,006,000**	**1,008,000**	**7,287,000**	**7,307,000**	**-**	**-**	**8,293,000**	**8,315,000**
3	**INSURANCE PROVISIONS**	**484,004,000**	**474,900,000**	**65,665,030,000**	**57,927,470,000**	**-**	**-**	**66,149,034,000**	**58,402,370,000**
4	**FINANCIAL LIABILITIES**	**10,750,000**	**1,004,000**	**18,845,854,000**	**17,717,288,000**	**-**	**-**	**18,856,604,000**	**17,718,292,000**
4.1	Financial liabilities at fair value through profit and loss	-	-	18,220,155,000	17,100,776,000	-	-	18,220,155,000	17,100,776,000
4.2	Other financial liabilities	10,750,000	1,004,000	625,699,000	616,512,000	-	-	636,449,000	617,516,000
5	**PAYABLES**	**35,936,000**	**22,451,000**	**412,024,000**	**415,826,000**	**-861,000**	**-507,000**	**447,099,000**	**437,770,000**
6	**OTHER LIABILITIES**	**18,247,000**	**17,746,000**	**971,545,000**	**819,633,000**	**-66,000**	**-276,000**	**989,726,000**	**837,103,000**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES							**91,255,031,000**	**81,733,177,000**

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **FY: 2014**

Income statement by segment

value in €

		Non-life segment		Life segment		Consolidation adjustements		Total	
		Total 30-06-2014	Total 30-06-2013	Total 30-06-2014	Total 30-06-2013	Total 30-06-2014	Total 30-06-2013	Total 30-06-2014	Total 30-06-2013
1.1	Net earned premiums	103,655,000	103,770,000	7,684,331,000	4,514,056,000	-	-	7,787,986,000	4,617,826,000
1.1.1	*Gross earned premiums*	*107,394,000*	*107,319,000*	*7,684,828,000*	*4,514,456,000*	-	-	*7,792,222,000*	*4,621,775,000*
1.1.2	*Earned premiums ceded*	*-3,739,000*	*-3,549,000*	*-497,000*	*-400,000*	-	-	*-4,236,000*	*-3,949,000*
1.2	Commission income	-	-	131,483,000	132,623,000	-	-	131,483,000	132,623,000
1.3	Gains (losses) on financial instruments at fair value through profit and loss	186,000	133,000	-15,852,000	60,793,000	-	-	-15,666,000	60,926,000
1.4	Income from investments in subsidiaries, associates and joint ventures	-	-	-	-	-	-	-	-
1.5	Income from other financial instruments and lands and buildings	11,266,000	8,957,000	1,230,618,000	1,090,094,000	-	-	1,241,884,000	1,099,051,000
1.6	Other income	5,656,000	8,672,000	44,685,000	33,084,000	-892,000	-1,059,000	49,449,000	40,697,000
1	**TOTAL INCOME**	**120,763,000**	**121,532,000**	**9,075,265,000**	**5,830,650,000**	**-892,000**	**-1,059,000**	**9,195,136,000**	**5,951,123,000**
2.1	Net insurance benefits and claims	-48,992,000	-43,872,000	-8,312,249,000	-5,081,481,000	-	-	-8,361,241,000	-5,125,353,000
2.1.2	*Claims paid and change in insurance provisions*	*-53,040,000*	*-46,871,000*	*-8,312,169,000*	*-5,081,407,000*	-	-	*-8,365,209,000*	*-5,128,278,000*
2.1.3	*Reinsurers's share*	*4,048,000*	*2,999,000*	*-80,000*	*-74,000*	-	-	*3,968,000*	*2,925,000*
2.2	Fee and commission expense	-	-	-81,430,000	-83,556,000	-	-	-81,430,000	-83,556,000
2.3	Expenses from investments in subsidiaries, associates and joint ventures	-	-	-	-	-	-	-	-
2.4	Expenses from other financial instruments and lands and buildings	-25,000	-223,000	-25,226,000	-73,872,000	-	-	-25,251,000	-74,095,000
2.5	Operating expenses	-36,975,000	-48,432,000	-173,941,000	-148,833,000	892,000	1,301,000	-210,024,000	-195,964,000
2.6	Other expenses	-17,039,000	-12,360,000	-104,545,000	-120,286,000	-	-371,000	-121,584,000	-133,017,000
2	**TOTAL EXPENSES**	**-103,031,000**	**-104,887,000**	**-8,697,391,000**	**-5,508,028,000**	**892,000**	**930,000**	**-8,799,530,000**	**-5,611,985,000**
	PROFIT (LOSS) BEFORE TAXES FOR THE PERIOD	**17,732,000**	**16,645,000**	**377,874,000**	**322,622,000**	**-**	**-129,000**	**395,606,000**	**339,138,000**

INTESA SANPAOLO VITA S.p.A. **Reporting period: 2014**

Consolidation scope

Name	Country	Method (1)	Business (2)	% Direct investment	% Total investment (3)	% Available voting rights at ordinary share/quotaholders' meetings (4)	Consolidation %
INTESA SANPAOLO VITA S.p.A.	086	L	1	0.00%	0.00%	0.00%	100.00%
INTESA SANPAOLO LIFE LTD	040	L	2	100.00%	100.00%	0.00%	100.00%
EURIZONVITA BEIJING BUSINNESS ADVISORY CO	016	L	11	100.00%	100.00%	0.00%	100.00%
INTESA SANPAOLO ASSICURA S.p.A.	086	L	1	100.00%	100.00%	0.00%	100.00%
INTESA SANPAOLO SMART CARE S.r.l.	086	L	11	100.00%	100.00%	0.00%	100.00%
EURIZON MULTI ALPHA	086	L	11	72.22%	72.22%	0.00%	100.00%

(1) Consolidation method: Line-by-line =L, Proportionate =P, Line-by-line by common management =C

(2) 1=Italian insurance; 2=EU insurance; 3=non-EU insurance; 4=insurance holding; 5=EU reinsurance; 6=non-EU reinsurance; 7=banking; 8=fund management; 9=other holding; 10=real estate 11=other

(3) the sum of the investments of all the companies that along the investment chain lie between the company preparing the consolidated financial statements and the company being consolidated. If more than one subsidiary has an investment in the latter company, the single amounts should be summed.

(4) total voting rights percentage available in ordinary meetings if different from the direct or indirect investment percentage.

Breakdown of tangible and intangible assets

value in €

	Cost	Deemed cost or fair value	Carrying amount
Land and buildings (investment properties)	19,497,000		19,497,000
Land and buildings (self used)	0		0
Other tangible assets	1,230,000		1,230,000
Other intangible assets	316,000		316,000

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. FY: 2014

Breakdown of amount ceded to reinsurers from insurance provisions

value in €

	Total (book value)	
	30-06-2014	31-12-2013
Non-life insurance provisions	**22,837,000**	**11,546,000**
Life insurance provisions	**2,281,000**	**2,588,000**
Provisions for policies where the investment risks is borne by the policyholders and provisions for pension fund	-	-
Mathematical provisions and other insurance provisions	2,281,000	2,588,000
Total amount ceded to reinsurers from insurance provisions	**25,118,000**	**14,134,000**

Breakdown of financial assets

value in €

	Held to maturity investments		Loans and receivables		Financial assets available for sale		Financial assets at fair value through profit and loss				Total Book value	
							Financial assets held for trading		Financial assets designated at fair value through profit and loss			
	30-06-2014	31-12-2013	30-06-2014	31-12-2013	30-06-2014	31-12-2013	30-06-2014	31-12-2013	30-06-2014	31-12-2013	30-06-2014	31-12-2013
Equity securities and derivatives measured at cost	-	-	-	-	53,000	51,000	-	-	-	-	53,000	51,000
Equity securities at fair value	-	-	-	-	824,041,000	763,578,000	-	-	5,733,000	5,513,000	829,774,000	769,091,000
of which listed securities	-	-	-	-	*680,930,000*	*618,368,000*	-	-	*5,733,000*	*5,513,000*	*686,663,000*	*623,881,000*
Debt securities	-	-	-	-	58,057,743,000	51,962,764,000	388,984,000	455,599,000	3,184,021,000	4,513,834,000	61,630,748,000	56,932,197,000
of which listed securities	-	-	-	-	*57,893,751,000*	*51,702,266,000*	*366,901,000*	*436,576,000*	*2,961,854,000*	*4,255,114,000*	*61,222,506,000*	*56,393,956,000*
UCI shares	-	-	-	-	2,607,433,000	1,922,935,000	385,367,000	397,651,000	17,617,082,000	16,185,719,000	20,609,882,000	18,506,305,000
Loans and receivables from banking customers	-	-	1,180,000	2,008,000	-	-	-	-	-	-	1,180,000	2,008,000
Interbank loans and receivables	-	-	75,186,000	73,403,000	-	-	-	-	-	-	75,186,000	73,403,000
Deposits under reinsurence business	-	-	-	91,000	-	-	-	-	-	-	-	91,000
Financial asset components of insurance contracts	-	-	-	-	-	-	-	-	-	-	-	-
Other loans and receivables	-	-	2,822,000	2,636,000	-	-	-	-	-	-	2,822,000	2,636,000
Non-hedging derivatives	-	-	-	-	-	-	213,256,000	209,884,000	-	-	213,256,000	209,884,000
Hedging derivatives	-	-	-	-	-	-	-	-	-	188,000	-	188,000
Other financial investments	-	-	-	-	-	-	-	-	264,787,000	369,941,000	264,787,000	369,941,000
Total	**-**	**-**	**79,188,000**	**78,138,000**	**61,489,270,000**	**54,649,328,000**	**987,607,000**	**1,063,134,000**	**21,071,623,000**	**21,075,195,000**	**83,627,688,000**	**76,865,795,000**

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **FY: 2014**

Breakdown of assets and liabilities related to policies where the investment risks is borne by the policyholders and to pension fund

value in €

	Policies where the investment risk is borne by policyholders		Policies related tom pension funds		Total	
	30-06-2014	31-12-2013	30-06-2014	31-12-2013	30-06-2014	31-12-2013
Assets in the balance sheet	19,637,297,000	14,776,303,000	413,210,000	433,318,000	20,050,507,000	15,209,621,000
Intercompany assets *	-	-	-	-	-	-
Total Assets	**19,637,297,000**	**14,776,303,000**	**413,210,000**	**433,318,000**	**20,050,507,000**	**15,209,621,000**
Financial liabilities in the balance s	17,820,482,000	16,813,747,000	-	-	17,820,482,000	16,813,747,000
Insurance provisions in the balanc	1,821,029,000	2,662,449,000	413,210,000	433,318,000	2,234,239,000	3,095,767,000
Intercompany liabilities *	-	-	-	-	-	-
Total Liabilities	**19,641,511,000**	**19,476,196,000**	**413,210,000**	**433,318,000**	**20,054,721,000**	**19,909,514,000**

*Assets and liabilities adjusted in the consolidation process

HALF YEAR REPORT

Impresa: INTESA SANPAOLO VITA S.p.A. **FY: 2014**

Breakdown of insurance provisions

value in €

	Total (book value)	
	30-06-2014	31-12-2013
Non-life insurance provisions	**484,004,000**	**474,900,000**
Provision for unearned premium	315,296,000	311,925,000
Provisions for outstanding claims	168,047,000	162,274,000
Other insurance provisions	661,000	701,000
- of which reserves posted following liability adeguacy test	-	-
Life insurance provisions	**65,665,030,000**	**57,927,470,000**
Provisions for outstanding claims	389,121,000	281,936,000
Mathematical provisions	58,767,461,000	53,118,271,000
Provisions for policies where the investment risks is borne by the policyholders and provisions for pension fund	2,234,239,000	3,095,767,000
Other insurance provisions	4,274,209,000	1,431,496,000
- of which reserves posted following liability adeguacy test	-	-
- of which deferred liabilities due to policyholders	*4,154,065,000*	*1,306,978,000*
Total insurance provisions	**66,149,034,000**	**58,402,370,000**

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **FY: 2014**

Breakdown of insurance provisions

value in €

		30-06-2014	30-06-2013
Non-life segment			
NET EARNED PREMIUMS		**103,655,000**	**103,770,000**
a	Gross written premiums	107,623,000	130,382,000
b	Change in the provision for unearned premiums	-3,968,000	-26,612,000
NET INSURANCE BENEFITS AND CLAIMS		**-48,992,000**	**-43,872,000**
a	Claims paid	-46,019,000	-33,431,000
b	Change in the provisions for outstanding claims	-3,563,000	-10,947,000
c	Change in claims to be recovered	549,000	301,000
d	Changes in other insurance provisions	41,000	205,000
Life segment			
NET EARNED PREMIUMS		**7,684,331,000**	**4,514,056,000**
NET INSURANCE BENEFITS AND CLAIMS		**-8,312,249,000**	**-5,081,481,000**
a	Claims paid	-3,416,437,000	-3,051,640,000
b	Change in the provisions for outstanding claims	-107,148,000	-84,213,000
c	Change in mathematical provisions	-5,665,983,000	-2,777,304,000
d	Change in the povisions for policies where the investment risks is borne by the policyholders and provisions for pension fund	861,528,000	880,706,000
e	Changes in other insurance provisions	15,791,000	-49,030,000

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **FY: 2014**

Income and expenses from financial assets

value in €

		Interests	Other income	Other expenses	Gain on disposal	Losses on disposal	Total realised income and expenses	Unrealized gains: Unrealized gains	Unrealized gains: Reversal of impairment losses	Unrealized losses: Unrealized losses	Unrealized losses: Impairment losses	Total unrealised gains and losses	Total income and expenses 30-06-2014	Total income and expenses 30-06-2013
Result of investments		**990,177,000**	**49,001,000**	**-136,346,000**	**530,656,000**	**-95,956,000**	**1,337,532,000**	**705,473,000**	**0**	**-82,047,000**	**-1,474,000**	**621,952,000**	**1,959,484,000**	**1,107,883,000**
a	From land and buildings (investment properties)	0	786,000	0	0	0	786,000	0	0	0	-83,000	-83,000	703,000	700,000
b	From investments in subsidiaries, associates and joint ventures	0	0	0	0	0	0	0	0	0	0	0	0	0
c	From investments held to maturity	0	0	0	0	0	0	0	0	0	0	0	0	1,703,000
d	From loans and receivables	1,809,000	0	0	515,000	-742,000	1,582,000	0	0	0	0	0	1,582,000	0
e	From available for sale financial assets	942,462,000	32,557,000	-1,000	248,067,000	-7,896,000	1,215,189,000	0	0	0	-1,391,000	-1,391,000	1,213,798,000	962,014,000
f	From financial assets held for trading	5,618,000	0	-2,892,000	50,986,000	-39,712,000	14,000,000	58,361,000	0	-2,551,000	0	55,810,000	69,810,000	4,061,000
g	From financial assets designated at fair value through profit and loss	40,288,000	15,658,000	-133,453,000	231,088,000	-47,606,000	105,975,000	647,112,000	0	-79,496,000	0	567,616,000	673,591,000	139,405,000
Result of receivables		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**63,310,000**
Result of cash and cash		**15,688,000**	**0**	**0**	**0**	**0**	**15,688,000**	**0**	**0**	**0**	**0**	**0**	**15,688,000**	**0**
Result of financial liabilities		**-38,025,000**	**0**	**-8,000**	**10,220,000**	**-8,932,000**	**-36,745,000**	**1,901,000**	**0**	**-739,361,000**	**0**	**-737,460,000**	**-774,205,000**	**-85,311,000**
a	From financial liabilities held for trading	-22,887,000	0	-8,000	10,220,000	-8,932,000	-21,607,000	1,901,000	0	-151,133,000	0	-149,232,000	-170,839,000	24,785,000
b	From financial liabilities designated at fair value through income statement	0	0	0	0	0	0	0	0	-588,228,000	0	-588,228,000	-588,228,000	-107,325,000
c	From other financial liabilities	-15,138,000	0	0	0	0	-15,138,000	0	0	0	0	0	-15,138,000	-2,771,000
Result of payables		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total		**967,840,000**	**49,001,000**	**-136,354,000**	**540,876,000**	**-104,888,000**	**1,316,475,000**	**707,374,000**	**0**	**-821,408,000**	**-1,474,000**	**-115,508,000**	**1,200,967,000**	**1,085,882,000**

Company: INTESA SANPAOLO VITA S.p.A. **FY: 2014**

Breakdown of insurance expenses

value in €

	Non-life segment		Life segment	
	30-06-2014	**30-06-2013**	**30-06-2014**	**30-06-2013**
Commissions and profit sharing from reinsurers	-27,046,000	-38,976,000	-137,240,000	-116,173,000
Investment management expenses	-143,000	-218,000	-22,263,000	-22,326,000
Other administrative expenses	-9,786,000	-9,238,000	-14,438,000	-10,334,000
Total	**-36,975,000**	**-48,432,000**	**-173,941,000**	**-148,833,000**

Company: INTESA SANPAOLO VITA S.p.A. **FY: 2014**

Breakdown of Other Comprehensive Income

value in €

	Allocations		Reclassification adjustments to income statement		Other changes		Total changes		Taxes		Balance	
	Total 30-06-2014	Total 30-06-2013	Total 30-06-2014	Total 30-06-2013	Total 30-06-2014	Total 30-06-2013	Total 30-06-2014	Total 30-06-2013	Total 30-06-2014	Total 30-06-2013	al 30-06-2014	al 31-12-2013
Other comprehensive income after taxes without reclassification in the income statement	**-240,000**	**-140,000**			**165,000**	**3,000**	**-75,000**	**-137,000**	**-**	**-**	**-462,000**	**-387,000**
Change in shareholders' equity of subsidiaries							-	-				
Changes in the revaluation reserve of intangible assets							-	-				
Changes in the revaluation reserve of tangible assets							-	-				
Gains (losses) of non-current assets held for sale and discontinued operations							-	-				
Actuarial gains (losses) arising from defined benefit plans	-240,000	-140,000			165,000	3,000	-75,000	-137,000			-462,000	-387,000
Other items							-	-				
Other comprehensive income after taxes with reclassification in the income statement	**-**	**7,000**	**-24,692,000**	**-43,056,000**	**215,021,000**	**-9,358,000**	**190,329,000**	**-52,407,000**	**-**	**-**	**511,374,000**	**321,045,000**
Foreign currency translation differences					-1,000	9,000	-1,000	9,000			-4,000	-3,000
Net unrealized gains (losses) on available for sale financial assets			-24,692,000	-43,056,000	215,022,000	-9,367,000	190,330,000	-52,423,000			511,378,000	321,048,000
Net unrealized gains (losses) on cash flow hedging derivatives	-	7,000					-	7,000				
Net unrealized gains (losses) on hedge of a net investment in foreign operation							-	-				
Change in shareholders' equity of subsidiaries							-	-				
Gains (losses) of non-current assets held for sale and discontinued operations							-	-				
Other items							-	-				
TOTAL OF OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME	**-240,000**	**-133,000**	**-24,692,000**	**-43,056,000**	**215,186,000**	**-9,355,000**	**190,254,000**	**-52,544,000**	**-**	**-**	**510,912,000**	**320,658,000**

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **FY: 2014**

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

value in €

		Level 1		Level 2		Level 3		Total	
		30-06-2014	31-12-2013	30-06-2014	31-12-2013	30-06-2014	31-12-2013	30-06-2014	31-12-2013
Assets and liabilities at fair value on a recurring basis									
Financial assets available for sale		58,939,111,000	52,082,017,000	2,236,967,000	2,155,455,000	313,192,000	411,856,000	61,489,270,000	54,649,328,000
Financial assets at fair value through profit and loss	Financial assets held for trading	587,697,000	598,579,000	377,147,000	444,495,000	22,763,000	20,060,000	987,607,000	1,063,134,000
	Financial assets designated at fair value through profit and loss	18,883,465,000	16,862,417,000	1,965,991,000	3,954,058,000	222,167,000	258,720,000	21,071,623,000	21,075,195,000
Land and buildings (investment properties)		0	0	0	0	0	0	0	0
Tangible assets		0	0	0	0	0	0	0	0
Intangible assets		0	0	0	0	0	0	0	0
Total assets at fair value on a recurring basis		**78,410,273,000**	**69,543,013,000**	**4,580,105,000**	**6,554,008,000**	**558,122,000**	**690,636,000**	**83,548,500,000**	**76,787,657,000**
Financial liabilities at fair value through profit and loss	Financial liabilities held for trading	44,366,000	0	355,307,000	287,029,000	0	0	399,673,000	287,029,000
	Financial liabilities designate at fair value through profit and loss	0	0	17,820,482,000	16,813,747,000	0	0	17,820,482,000	16,813,747,000
Total liabilities at fair value on a recurring basis		**44,366,000**	**0**	**18,175,789,000**	**17,100,776,000**	**0**	**0**	**18,220,155,000**	**17,100,776,000**
Assets and liabilities at fair value on a non-recurring basis									
Non-current assets held for sale and discontinued operations		0	0	0	0	0	0	0	0
Liabilities of non-current assets held for sale and discontinued		0	0	0	0	0	0	0	0

Company: INTESA SANPAOLO VITA S.p.A. **FY: 2014**

Breakdown of financial liabilities

value in €

	Financial liabilities at fair value through profit and loss				Other financial liabilities		Total Book value	
	Financial liabilities held for trading		Financial liabilities designated at fair value through profit and loss					
	30-06-2014	31-12-2013	30-06-2014	31-12-2013	30-06-2014	31-12-2013	30-06-2014	31-12-2013
Financial equity instruments	0	0	0	0	0	0	0	0
Subordinated liabilities	0	0	0	0	605,133,000	617,218,000	605,133,000	617,218,000
Liabilities related to investment contracts from:	0	0	17,820,482,000	16,813,747,000	0	0	17,820,482,000	16,813,747,000
policies where the investment risk is borne by the policyholders	*0*	*0*	*17,820,482,000*	*16,813,747,000*	*0*	*0*	*17,820,482,000*	*16,813,747,000*
pension funds	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
other contracts	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Deposits under reinsurence business	0	0	0	0	9,744,000	0	9,744,000	0
Financial liability components of insurance contracts	0	0	0	0	21,538,000	0	21,538,000	0
Issued debt securities	0	0	0	0	0	0	0	0
Payables to banking customers	0	0	0	0	0	0	0	0
Interbank payables	0	0	0	0	0	0	0	0
Other financing and loans payable	0	0	0	0	0	0	0	0
Non-hedging derivatives	399,673,000	287,029,000	0	0	0	0	399,673,000	287,029,000
Hedging derivatives	0	0	0	0	0	0	0	0
Other financial liabilities	0	0	0	0	34,000	298,000	34,000	298,000
Total	**399,673,000**	**287,029,000**	**17,820,482,000**	**16,813,747,000**	**636,449,000**	**617,516,000**	**18,856,604,000**	**17,718,292,000**

Company: INTESA SANPAOLO VITA S.p.A.

FY: 2014

Breakdown of changes to assets and liabilities of level 3, at fair value on a recurring basis

value in €

	Financial assets available for sale	Financial assets at fair value through profit and loss		Land and buildings (investment properties)	Tangible assets	Intangible assets	Financial liabilities at fair value through profit and loss	
		Financial assets held for trading	Financial assets designated at fair value through profit and loss				Financial liabilities held for trading	Financial liabilities designated at fair value through profit and loss
Initial amount	**411,856,000**	**20,060,000**	**258,720,000**	**0**	**0**	**0**	**0**	**0**
Purchases/Issues	2,000	0	0	0	0	0	0	0
Sales/Repurchases	-228,663,000	0	-63,200,000	0	0	0	0	0
Refunds	-4,053,000	0	0	0	0	0	0	0
Profit (loss) in income statement	30,229,000	2,113,000	28,375,000	0	0	0	0	0
- of which unrealized gains/losses	*0*	*2,113,000*	*22,117,000*	*0*	*0*	*0*	*0*	*0*
Profit (loss) in other components of comprehensive income statement	4,489,000	0	0	0	0	0	0	0
Transfers to level 3	0	0	0	0	0	0	0	0
Transfers to other levels	-15,188,000	0	0	0	0	0	0	0
Other changes	114,520,000	590,000	-1,728,000	0	0	0	0	0
Final amount	**313,192,000**	**22,763,000**	**222,167,000**	**0**	**0**	**0**	**0**	**0**

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **FY: 2014**

Assets and liabilities not at fair value: breakdown by fair value levels

value in €

	Book value		Fair value							
			Level 1		Level 2		Level 3		Total	
	30-06-2014	31-12-2013	30-06-2014	31-12-2013	30-06-2014	31-12-2013	30-06-2014	31-12-2013	30-06-2014	31-12-2013
Assets										
Financial assets held to maturity	-	-	-		-		-	-	-	-
Loans and receivables	79,188,000	78,138,000	-		-		81,324,000	80,718,000	81,324,000	80,718,000
Investments in subsidiaries, associates and joint ventures	-	-	-		-		-	-	-	-
Land and buildings (investment properties)	19,497,000	19,579,000	-		-		21,650,000	21,650,000	21,650,000	21,650,000
Tangible assets	1,230,000	884,000	-		-		1,230,000	884,000	1,230,000	884,000
Total Assets	**99,915,000**	**98,601,000**	**-**	**-**	**-**	**-**	**104,204,000**	**103,252,000**	**104,204,000**	**103,252,000**
Liabilities										
Other financial liabilities	636,449,000	617,516,000	-	-	517,929,000	503,168,000	118,520,000	114,348,000	636,449,000	617,516,000

The Parent's legal representatives (*)

The Chairman – Luigi Maranzana (**)

.... (**)

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(*) For foreign companies, the signature of the general representative for Italy is required.

(**) Specify the position held by the signatory representative.

Auditors' report of financial statements

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

Intesa Sanpaolo Vita Group

Condensed interim consolidated financial statements as at and for the six months ended 30 June 2014

(with auditors' report on review thereof)

KPMG S.p.A.
6 August 2014

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

Auditors' report on review of condensed interim consolidated financial statements

To the board of directors of
Intesa Sanpaolo Vita S.p.A.

Introduction

We have reviewed the accompanying first set of condensed interim consolidated financial statements of the Intesa Sanpaolo Vita Group as at and for the six months ended 30 June 2014, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union, and ISVAP (the Italian supervisory body for private insurance) regulation no. 7 of 13 July 2007. Our responsibility is to express a conclusion on the condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim consolidated financial statements consists of making inquiries, primarily of the company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The first set of condensed interim consolidated financial statements present the prior year annual and interim corresponding figures for comparative purposes. As disclosed in the notes, the parent's directors restated some of the corresponding figures included in the prior year annual consolidated financial statements. We audited such annual consolidated financial statements and issued our report thereon on 14 March 2014. We have examined the methods used to restate the prior year corresponding figures and related disclosures for the purposes of preparing this report.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Intesa Sanpaolo Vita Group as at and for the six months ended 30 June 2014 have not been prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 6 August 2014

KPMG S.p.A.

(signed on the original)

Maurizio Guzzi
Director of Audit

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GALLERIE D'ITALIA.
THREE MUSEUMS, ONE CULTURAL NETWORK FOR ITALY.

Intesa Sanpaolo's Gallerie d'Italia project enables the bank to share its artistic and architectural heritage with the wider public. With 1,000 artworks on display in historic palazzos in three cities, its museum network is truly one of a kind.

The **Gallerie di Piazza Scala**, Milano: this prestigious architectural complex houses a selection of two hundred 19th-century masterpieces by painters from Lombardy, as well as an exhibition charting the leading figures and tendencies in Italian art from the latter half of the twentieth century.
The **Gallerie di Palazzo Leoni Montanari**, Vicenza: home to the most important collection of Russian icons in the West and examples of 18th-century painting from Veneto.
The **Gallerie di Palazzo Zevallos Stigliano**, Napoli: the galleries host the *Martyrdom of Saint Ursula*, one of Caravaggio's very last paintings, in addition to southern Italian landscapes dating from the 17th to the early 20th centuries.

On the cover

Alberto Burri
(Città di Castello 1915 – Nice 1995)
Red Black, 1953
oil, paint, canvas and ground pumice stone on canvas,
98.8 x 85.2 cm
Intesa Sanpaolo Collection
Gallerie d'Italia-Piazza Scala, Milano

Alberto Burri is one of Italy's most important post-Second World War artists. After graduating with a degree in medicine in 1940, he joined the army as a medical officer but was taken prisoner by the British in Tunisia in 1943. The following year he was transferred by the Americans to a prison camp in Texas, where he began experimenting with art. On his return to Italy, he gave up medicine to dedicate himself exclusively to painting.

The lack of faith in art and the languages of art after the War moved Burri, like his contemporaries, to seek out new means of expressing the creative angst which radiates from his work, making it the focus of his personal vision of the individual.

Red Black marks a significant hiatus in the "Art Informel" period of the early 1950s, the elegance of its forms contrasting sharply with the *brutality* of the materials. In this piece, it is as though Burri wanted to return to traditional techniques and evocative gestures as opposed to direct compositions. The painting enhances the continuity of the artist's language, as reflected in the close ties between colour and matter which transcend the complexity and variety of the media.

The choice of this work highlights the value of identity, the power of design and the courage to innovate.