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

Interim financial report at 30 June 2016 of Intesa Sanpaolo Vita Insurance Group covering the subsidiaries only

INTESA SANPAOLO VITA S.p.A.
Registered office: Corso Inghilterra 3 – 10138 Turin – Administrative offices: Viale Stelvio 55/57 – 20159 Milan – Turin company registration no. 02505650370 – Fully paid-up share capital €320,422,508.00– Included in the register of insurance and reinsurance companies as no. 1.00066 – Parent of Intesa Sanpaolo Vita Insurance Group, included in the register of insurance groups as no. 28 – Managed and coordinated by Intesa Sanpaolo S.p.A.

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MANAGEMENT REPORT

COMPANY BODIES

Board of directors

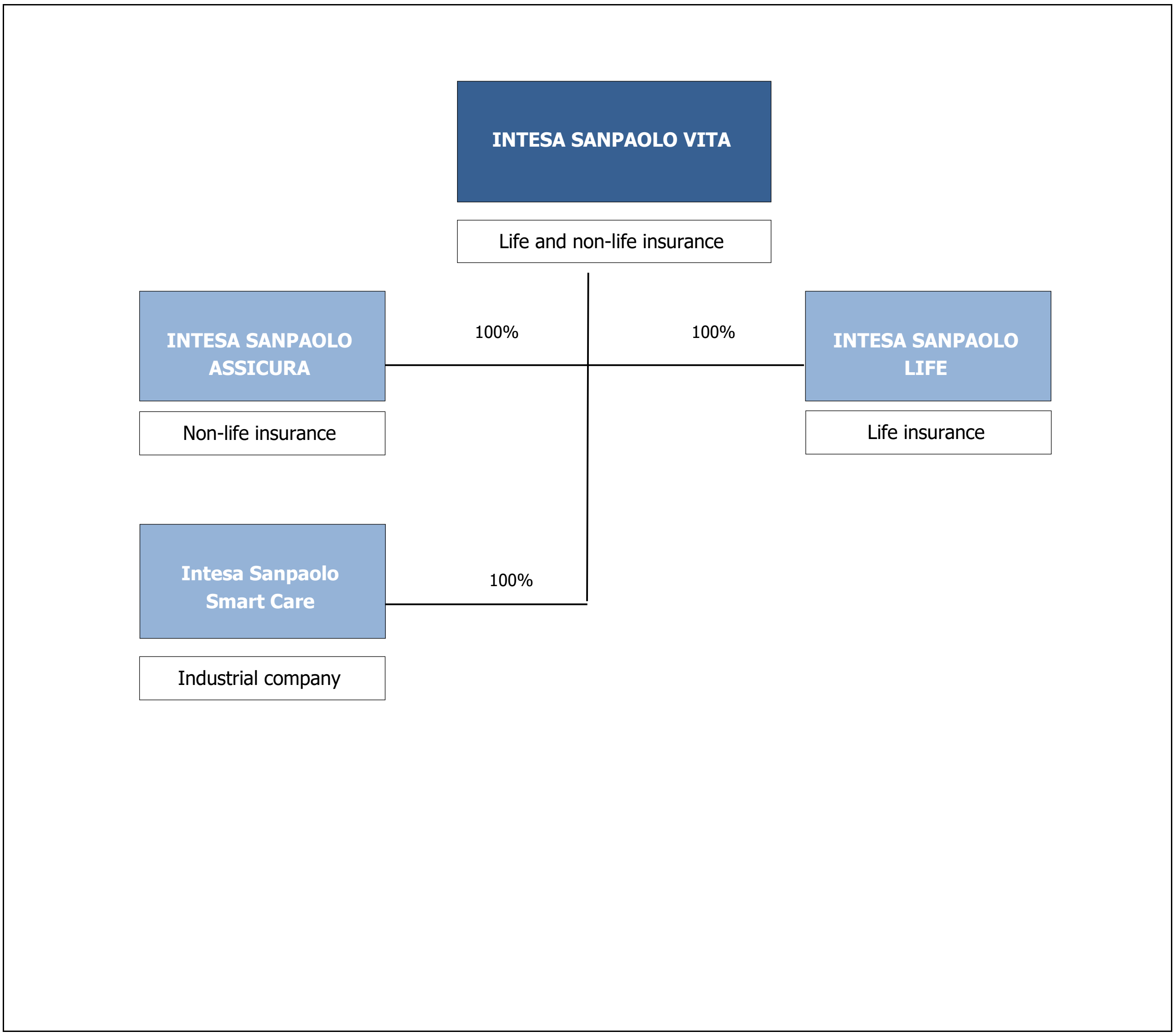
Chairman	Luigi Maranzana
Deputy chairman	Elio Fontana
Managing director	Nicola Maria Fioravanti
Directors	Paolo Fignagnani
	Giuseppe Attanà
	Franco Gallia
	Andrea Panozzo
	Anna Torriero
	Guglielmo Weber

Board of statutory auditors

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

Independent auditors **KPMG S.p.A.**

GROUP STRUCTURE



KEY CONSOLIDATED FIGURES

millions €

	30-06-2016	30-06-2015	31-12-2015	Change	
Operational figures					
Gross collection	11,000.2	10,670.6	21,210.5	329.6	3.1%
Premiums of Life insurance products	408.9	262.8	652.7	146.1	55.6%
Premiums of Life financial products with DOFF	4,231.4	5,550.8	11,100.0	-1,319.4	-23.8%
Gross collection of Life insurance products without DPF	6,159.6	4,722.0	9,172.0	1,437.6	30.4%
Premiums of Non-life business	200.3	135.0	285.9	65.3	48.4%
Life new business	10,717.9	10,446.1	20,724.8	271.8	2.6%
Life Contracts	3,398,726	3,173,982	3,280,100	224,744	7.1%
Non-life Contracts	1,990,457	1,803,858	1,897,289	186,599	10.3%
Human Resources	549	538	538	11	2.0%
Balance sheet figures					
Investments	114,874.8	100,173.8	107,076.5	7,798.2	7.3%
- Available-for-sale financial assets	79,609.1	71,320.4	75,268.1	4,340.9	5.8%
- Financial assets at fair value through profit or loss	35,230.1	28,736.2	31,216.2	4,013.9	12.9%
- Other investments	35.6	117.2	592.2	-556.5	-94.0%
Insurance provisions	81,252.2	74,473.3	79,234.9	2,017.3	2.5%
- Life insurance contracts	7,276.8	7,009.0	7,415.7	-139.0	-1.9%
- Life financial contracts with DPF	66,822.6	62,750.0	65,658.9	1,163.7	1.8%
- Shadow accounting provision	6,606.1	4,225.7	5,655.9	950.2	16.8%
- Non-life insurance policies	546.9	488.5	504.4	42.5	8.4%
Financial liabilities	31,618.1	25,275.7	27,363.9	4,254.2	15.5%
- Unit-linked financial policies	29,903.6	23,246.9	25,494.7	4,409.0	17.3%
- Index-linked financial policies	48.3	436.1	275.8	-227.6	-82.5%
- Products with specific assets	-	-	-	-	0.0%
- Subordinated liabilities	1,345.3	1,344.2	1,313.5	31.8	2.4%
- Other liabilities	320.9	248.5	279.9	41.1	14.7%
Shareholders' equity	4,953.5	4,636.0	4,599.5	354.0	7.7%
- attributable to the Group	4,953.5	4,636.0	4,599.5	354.0	7.7%
- attributable to minority interests	-	-	-	-	0.0%
Income statement					
Net earned premiums	4,788.4	5,931.3	12,002.5	-1,142.9	-19.3%
Net insurance benefits and claims	5,228.8	6,707.3	13,253.2	-1,478.5	-22.0%
Net fee and commission income	82.9	65.2	153.1	17.7	27.1%
Net income from financial instruments and investments	1,228.2	1,451.8	2,534.9	-223.6	-15.4%
Commissions and other acquisition costs	175.1	153.3	331.9	21.8	14.2%
Consolidated profit	366.8	378.9	612.5	-12.1	-3.2%
- attributable to the Group	366.8	378.9	612.5	-12.1	-3.2%
- attributable to minority interests	-	-	-	-	0.0%
Ratio					
Expense ratio	*31.9%*	*33.1%*	*35.0%*	-1.1%	-3.4%
Non-life Loss ratio	*29.1%*	*39.0%*	*37.7%*	-9.9%	-25.4%
Gross collection/insurance provisions and financial liabilities	9.2%	11.1%	20.7%	-1.9%	-16.9%
Non-life combined ratio	*61.0%*	*72.0%*	*72.7%*	-11.0%	-15.3%
Net fees and commissions/financial liabilities (Index- and Unit-linked)	0.2%	0.2%	0.5%	0.0%	2.2%

RECLASSIFIED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Reclassified statement of financial position and income statement

millions €

	30-06-2016	31-12-2015	Change	
ASSETS				
Intangible assets	635.4	635.5	-0.1	0.0%
Tangible assets	4.4	1.5	2.9	191.2%
Amount ceded to reinsurers from insurance provisions	19.6	22.4	-2.8	-12.4%
Investments	114,874.8	107,076.4	7,798.3	7.3%
- Lands and buildings (investment properties)	19.2	19.2	-0.1	-0.4%
- Investments in subsidiaries, associates and joint ventures	-	-	-	n.a.
- Held to maturity investments	-	-	-	n.a.
- Loans and receivables	16.5	572.9	-556.4	-97.1%
- Available-for-sale financial assets	79,609.1	75,268.1	4,340.9	5.8%
- Financial assets at fair value through profit or loss	35,230.1	31,216.2	4,013.9	12.9%
Receivables	310.0	320.2	-10.2	-3.2%
Other assets	2,324.2	1,923.7	400.5	20.8%
Cash and cash equivalents	1,548.0	3,003.2	-1,455.1	-48.5%
Total assets	**119,716.5**	**112,982.9**	**6,733.6**	**6.0%**
LIABILITIES				
Shareholders' equity	4,953.5	4,599.5	354.0	7.7%
- attributable to the Group	4,953.5	4,599.5	354.0	7.7%
- attributable to minority interests	-	-	-	n.a.
Other provisions	9.7	13.9	-4.2	-30.4%
Insurance provisions	81,252.2	79,234.9	2,017.3	2.5%
- Life insurance contracts	7,276.7	7,415.7	-139.1	-1.9%
- Life financial contracts with DPF	66,822.6	65,658.9	1,163.7	1.8%
- Shadow accounting provision	6,606.1	5,655.9	950.2	16.8%
- Non-life insurance policies	546.9	504.4	42.5	8.4%
Financial liabilities	31,618.1	27,363.9	4,254.2	15.5%
- Index-linked financial policies	48.3	275.8	-227.6	-82.5%
- Unit-linked financial policies	29,903.6	25,494.7	4,409.0	17.3%
- Products with specific assets	-	-	-	n.a.
- Subordinated liabilities	1,345.3	1,313.5	31.8	2.4%
- Other liabilities	320.9	279.9	41.1	14.7%
Payables	665.7	618.9	46.8	7.6%
Other liabilities	1,217.3	1,151.8	65.5	5.7%
Total Shareholders' equity and liabilities	**119,716.5**	**112,982.9**	**6,733.6**	**6.0%**

millions €

	30-06-2016	30-06-2015	Change	
Net earned premiums	**4,788.4**	**5,931.3**	**-1,142.9**	**-19.3%**
- Life businesses	4,639.8	5,813.1	-1,173.3	-20.2%
- Non-life businesses	148.6	118.2	30.4	25.7%
Net insurance benefits and claims	**-5,228.8**	**-6,707.3**	**1,478.4**	**-22.0%**
Net fee and commission income	**82.9**	**65.2**	**17.6**	**27.1%**
Net income from financial instruments and investments	**1,228.2**	**1,451.8**	**-223.5**	**-15.4%**
- Net income from financial instruments at fair value through profit or loss	-70.3	26.6	-96.9	<-100%
- Other income	1,298.4	1,425.2	-126.8	-8.9%
Acquisition and administration costs	**-226.8**	**-203.7**	**-23.1**	**11.3%**
- Commissions and other acquisition costs	-175.1	-153.3	-21.8	14.2%
- Other costs	-51.7	-50.4	-1.3	2.6%
Other revenues and expenses	**-110.3**	**-2.4**	**-107.9**	**>100%**
Profit before taxes for the period	**533.6**	**534.9**	**-1.3**	**-0.2%**
- Income taxes	-166.8	-156.0	-10.8	6.9%
Consolidated profit after taxes	**366.8**	**378.9**	**-12.1**	**-3.2%**
Loss from discontinued operations	**-**	**-**	**-**	**n.d.**
Consolidated profit	**366.8**	**378.9**	**-12.1**	**-3.2%**
- attributable to the Group	366.8	378.9	-12.1	-3.2%

Statement of comprehensive income

thousands €

INTESA SANPAOLO VITA S.p.A.	Total 30-06-2016	Total 30-06-2015
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	**366,777**	**378,865**
Other comprehensive income after taxes without reclassification in the income statement	**-377**	**334**
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	-377	334
Other items	-	-
Other comprehensive income after taxes with reclassification in the income statement	**-12,489**	**-123,095**
Foreign currency translation differences	-	-40
Net unrealized gains (losses) on available for sale financial assets	-12,489	-123,055
Net unrealized gains (losses) on cash flow hedging derivatives	-	-
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	**-12,866**	**-122,761**
TOTAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**353,911**	**256,104**
of which attributable to the Group	**353,911**	**256,104**
of which attributable to minority interests	**-**	**-**

Statement of changes in equity

thousands €

INTESA SANPAOLO VITA S.p.A.		Amount as of 31-12-2014	Change in Closing Balances	Allocations	Reclassification adjustments to income statement	Transfers	Change in Profit sharing	Amount as of 30-06-2015
Shareholders' equity attributable to the Group	Share capital	320,423	-	-	-	-	-	320,423
	Other equity instruments	-	-	-	-	-	-	-
	Capital reserves	1,328,097	-	-	-	-	-	1,328,097
	Revenue reserves and other reserves	1,660,635	-	480,844	-	-19	-	2,141,460
	(Own shares)	-	-	-	-	-	-	-
	Result for the period	480,406	-	-101,540	-	-1	-	378,865
	Other comprehensive income	589,888	-	334	-82,725	-40,370	-	467,127
	Total attributable to the Group	**4,379,449**	**-**	**379,638**	**-82,725**	**-40,390**	**-**	**4,635,972**
Shareholders' equity attributable to minority interests	Shareholder capital and reserves	-	-	-	-	-	-	-
	Result for the period	-	-	-	-	-	-	-
	Other comprehensive income	-	-	-	-	-	-	-
	Total attributable to minority interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total		**4,379,449**	**-**	**379,638**	**-82,725**	**-40,390**	**-**	**4,635,972**

INTESA SANPAOLO VITA S.p.A.		Amount as of 31-12-2015	Change in Closing Balances	Allocations	Reclassification adjustments to income statement	Transfers	Change in Profit sharing	Amount as of 30-06-2016
Shareholders' equity attributable to the Group	Share capital	320,423	-	-	-	-	-	320,423
	Other equity instruments	-	-	-	-	-	-	-
	Capital reserves	1,328,097	-	-	-	-	-	1,328,097
	Revenue reserves and other reserves	1,689,868	-	612,583	-	-	-	2,302,451
	(Own shares)	-	-	-	-	-	-	-
	Result for the period	612,492	-	-245,715	-	-	-	366,777
	Other comprehensive income	648,589	-	-377	-39,301	26,812	-	635,723
	Total attributable to the Group	**4,599,469**	**-**	**366,491**	**-39,301**	**26,812**	**-**	**4,953,471**
Shareholders' equity attributable to minority interests	Shareholder capital and reserves	-	-	-	-	-	-	-
	Result for the period	-	-	-	-	-	-	-
	Other comprehensive income	-	-	-	-	-	-	-
	Total attributable to minority interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total		**4,599,469**	**-**	**366,491**	**-39,301**	**26,812**	**-**	**4,953,471**

Statement of cash flows (indirect method)

thousands €

INTESA SANPAOLO VITA S.p.A.	30-06-2016	30-06-2015
Profit (loss) before taxes for the period	**533,625**	**534,893**
Change in non-cash items	**2,160,803**	**339,985**
Change in non-life provision from unearned premium	48,334	13,688
Change in non-life provision for outstanding claims and other insurance provisions	-4,212	-5,322
Change in mathematical provisions and other life insurance provisions	1,963,465	-67,928
Change in deferred acquisition costs	-	42
Change in provisions	-4,232	-2,245
Non-cash income and expenses from financial instruments, investment property and equity investments	172,031	419,330
Other expenses	-14,583	-17,580
Change in receivables and payables generated by operating activities	**-266,302**	**48,300**
Change in receivables and payables on direct insurance and reinsurance operations	-2,360	38,923
Change in other receivables and payables	-263,942	9,377
Income taxes paid	**-166,848**	**-156,028**
Net cash generated/absorbed by cash items related to investment and financing activity	**118,564**	**-69,294**
Financial liabilities related to investment contracts	4,254,228	3,031,988
Payables to banks and customers	-	-
Loans and receivable from banks and customers	-	-
Other financial instruments at fair value through profit or loss	-4,135,664	-3,101,282
CASH FLOW FROM OPERATING ACTIVITY	**2,379,842**	**697,856**
Net cash generated/absorbed by lands and buildings (investment property)	83	83
Net cash generated/absorbed by equity investments in subsidiaries, associates and joint ventures	-	-
Net cash generated/absorbed by loans and receivable	556,400	-16,926
Net cash generated/absorbed by held to maturity investments	-	-
Net cash generated/absorbed by available for sale financial assets	-4,391,171	-282,194
Net cash generated/absorbed by tangible and intangible assets	-	-
Other cash generated/absorbed by investment activity	-	-
CASH FLOW FROM INVESTING ACTIVITY	**-3,834,688**	**-299,037**
Net cash generated/absorbed by Group's share capital and equity instruments	-286	713
Net cash generated/absorbed by own shares	-	-
Dividends payment	-	-
Net cash generated/absorbed by minority interests' share capital and reserves	-	-
Net cash generated/absorbed by subordinated liabilities and participative financial instruments	-	-
Net cash generated/absorbed by other financial liabilities	-	-
CASH FLOW FROM FINANCING ACTIVITY	**-286**	**713**
Effect of foreign-exchange differences on cash and cash equivalents		**-**
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	3,003,162	2,560,638
INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS	**-1,455,132**	**399,532**
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	1,548,030	2,960,170

REFERENCE CONTEXT AND GROUP PERFORMANCE

The external context

The international economic climate and the Italian economy

The global economy continued along a path of moderate expansion in the first half of 2016. Following initial strong volatility in the financial markets, the return of more encouraging economic data and a parallel decline in risk aversion led to a stabilisation of prices and a return of capital flows towards emerging countries. The prices of commodities, including oil, started to recover after their collapse in January.

The referendum held in the United Kingdom to decide whether it should remain in the European Union was won by the Leave campaign. The result surprised investors. However, market disruption was relatively limited, and the only lasting effect is a large but expected devaluation of the pound sterling. Over the coming months we shall see the effects on confidence levels and on the trend in domestic demand in the UK, and hence any implications for European economic growth.

Like in 2015, US growth was very low in the first quarter and then picked up again in the second. Employment and income continue to grow, and economic surveys show signs of recovery in the manufacturing sector. In view of the uncertainties on the global scenario, the Federal Reserve kept official interest rates unchanged, while continuing to report its intention to raise them in 2016.

Contrasting economic indications were also seen in the Eurozone. In the first quarter, GDP growth was higher than forecast, but with a parallel weakening of confidence indicators. In the second quarter, the trend in industrial production fluctuated, and on the whole was indicative of a contraction compared to the first three months of the year. It is therefore likely that the quarterly GDP growth slowed in the April-June period, reflecting the weaker trend in exports. The annual change in GDP remains more or less the same and above 1.5%, a sufficient level to promote a rise in employment and the absorption of unemployment. Inflation returned to negative ground in February and March, reflecting the downturn in energy commodities, but subsequently returned to zero. The external value of the euro has risen by about 2% since the end of 2015 with an increase that was concentrated mainly in the first two months.

The European economic context is also complicated by political factors. In addition to the British referendum, it should be noted that the Spanish general election also proved inconclusive, indicating the formation of a government devoid of reliable parliamentary support. The Spanish political instability was accompanied by a significant overrun of its fiscal targets in 2015. Nonetheless, the risk premium paid on sovereign debt remained low and stable.

To deal with a worse trend in the real economy and prices than forecast, in addition to a highly uncertain general context, in March the ECB announced new monetary policy measures, some of which were already implemented in the second quarter. The deposit rate, which currently acts as the main benchmark rate, was reduced from -0.30% to -0.40%. The rate on the main refinancing operations was cut from 0.05% to zero, while the marginal refinancing rate dropped to 0.25%. The ECB also included non-bank corporate bonds in its purchase programme, which rose from €60 billion to €80 billion per month. A new long-term refinancing programme was also launched in June, called TLTRO II, on the basis of which monetary and financial institutions in the Eurozone can obtain 4-year secured loans from the ECB. The interest rate applied is the main refinancing operations rate, which becomes the lower deposit rate if the conditions on the minimum performance of loans are met.

Despite the decrease in exports, thanks to the growth in domestic demand, the Italian economy showed a marginally higher growth in GDP in the first quarter compared to the end of 2015 (0.3% quarter on quarter, with a 1% growth in trend). During the second quarter, however, the trend in industrial production became more volatile, anticipating a negative contribution to GDP growth. The climate of confidence among businesses and firms worsened in the services sector, while it remained more or less stable in industry and rose in construction. Growth in employment, which was robust in 2015 due to reforms and incentives on contributions, lost ground between the end of 2015 and the start of 2016, but it began to rise again in the second quarter. Fiscal policy took on a prudent approach, marked by a further reduction in the primary surplus against a faster drop in interest expense than expected. Based on the planned fiscal scenario, debt will only be marginally reduced in 2016.

Spreads with German debt yields widened during the financial turmoil of January and February and again after the British referendum and the emergence of tensions in the banking sector. On the ten-year maturity, the BTP-Bund spread closed the half year at 147 basis points, up by 51 basis points compared to the end of 2015. However, after the end of the quarter there was new shrinkage. Yields on Italian government debt declined as a result of the general decrease in medium and long-term interest rates. At 30 June, the 10-year BTP yielded 1.35%, compared to 1.60% at the end of 2015.

The financial markets in the first half of 2016

With regard to equity markets, the first half of 2016 featured heightened volatility of share prices, and a strong rise in risk aversion by investors in all the major international markets. These trends emerged from the very first trading sessions of the year, penalising, in particular, the peripheral Eurozone markets (such as Italy, Spain and Greece).

The decline in share prices can be attributed to several macroeconomic factors, linked to specific sectors. The macroeconomic outlook was affected by the sharp fluctuations in oil prices, the slowdown in economic activity in China, the emerging countries and the oil producing ones, the uncertainties about the timing of US monetary policy, the United Kingdom's referendum on its membership of the European Union.

At sector level, investors' concerns about the quality of bank assets, the levels of coverage of non-performing exposures and the levels of capital of various banking systems in the Eurozone all had an impact. Furthermore, the automotive and luxury goods sectors were affected by fears of new additional costs to contain emissions, and a future drop in demand from emerging markets, respectively.

After hitting a low around the middle of February, equity markets found initial support in the ECB's monetary policy decisions at the beginning of March (which strengthened an already clearly expansionary stance), and in the rebound in oil prices, after the sharp downturn at the beginning of the year.

In the following months, the first quarter earnings season turned out better than expected on the whole, and provided additional support for prices, mitigating fears of a marked slowdown in global economic growth.

In June, equity markets were widely influenced by expectations about the result of the referendum in the United Kingdom, in a setting of high and unusual volatility. The unexpected victory of the Leave camp caused a violent downward adjustment of prices, and a new surge in investor risk aversion, in a phase of uncertainty about the political and economic scenarios expected in the second half of the year.

The EuroStoxx index closed the quarter down by 11.3%; the CAC 40 declined by 8.6% at the end of the period, while the loss of the Dax 30 came to 9.9%; the IBEX 35 index closed the period down by 14.5%. Outside the Eurozone, the Swiss market index SMI depreciated by 9.1%, while the United Kingdom's FTSE 100 index closed the quarter marginally up (+4.2%).

The S&P 500 index closed the period positively at +2.7%, having recovered from the mid-February lows of -10.5%; the major stock markets in Asia reported generally negative performances: the Chinese benchmark index SSE A-Share closed the period down by 17.2%, whereas the Nikkei 225 index decreased by 18.2% at the end of June.

The Italian stock market underperformed the other international benchmarks in the first half of the year, partly due to the high incidence of the banking sector (21% in the FTSE MIB index), and Financial Institutions in general, which were particularly penalised in the period by investors. The FTSE MIB index closed at the end of June in sharp decline (-24.4%), close to the lows recorded on 11 February (-26.4%); the FTSE Italia All Share index closed the six months at -23.5%. The performance of mid-caps was slightly more defensive, with the FTSE Italia STAR index down by 19.8% at the end of June.

The European corporate markets closed the first half of 2016 with differentiated performances in the investment-grade (IG) segment, with "non-financial" stocks benefiting from the support provided by the ECB's new purchase program (CSPP). Also in this half year volatility remained high, accentuated by the continuing shortage of liquidity on the secondary market - partly due to regulations which limited the capacity of the markets to promptly absorb excess supply during downturns.

In the first months of the year, the European corporate bond market was characterised by high negativity. The combination of a number of factors such as sharp fluctuations in oil prices, renewed concerns about a possibly more extensive slowdown than forecast in the Chinese economy and growing fears relating to profitability and stability in the banking sector weighed on the risk appetite of investors and caused a sudden expansion of spreads.

The situation changed drastically at the beginning of March, when the ECB's announcement that non-financial, corporate IG bonds would also be included in its purchase programmes had a very positive impact on the markets. The "technical support" for prices provided by the presence on the market of a potential buyer like the ECB continued in the rest of the period as well, making it possible to limit the negative impact on spreads due to the unexpected victory of the Leave camp in the UK referendum. Operationally, the ECB began its corporate bond purchases at the beginning of June, with weekly volumes at present higher than market expectations (the ECB did not provide an explicit target in terms of monthly amounts).

During the period, in the IG segment, industrial securities outperformed financial securities, which were excluded from the assets eligible for purchase by the ECB, with the former recording a narrowing of spreads of around 15%, while financial securities closed the period on a negative note, having been affected by renewed fears about the solidity of the banking sector. At the same time, the search for yield by investors, with yields at historic lows, or even negative, for the less risky asset classes, was reflected in the positive performance of High Yield securities as well, with spreads narrowing by about 10%. On the other hand, the trend was negative for the iTraxx indices (CDS - Credit Default Swaps - indices, that summarise the market's perception of riskiness), which do not directly benefit from the Central Bank's purchase programme.

In terms of new issues, after a rather weak start to the year, the primary market saw a substantial recovery in activity in the following months. Thanks to favourable funding conditions, individual companies continued to show interest in transactions aimed at financial optimisation, through the repurchase of issued securities and their replacement with longer-term securities at more favourable conditions.

Emerging economies and financial markets

During the first quarter of 2016, the annual growth rate of GDP for a sample accounting for 75% of emerging countries was equal to 3.7%, substantially unchanged with respect to the fourth quarter of 2015, but still below the average growth figure of 5% over the last five years. Looking at the major economies, in the early months of 2016, Brazil (-5.4%) and Russia (-1.2%) suffered a further decline in GDP whilst China (+6.7%) and, especially, India (+7.4%) continued to expand at relatively fast paces. In the MENA countries, in the first four months of 2016, the industrial production index in Egypt (GDP data is still not available) reported a significant drop (-10.4% year on year), mainly due to the tourism segment.

The year-on-year inflation rate for the same sample of emerging economies fell from 4.8% in December 2015 to 4.1% in May 2016. The slowdown was driven by the disappearance of previous pressures exerted by the large depreciation of exchange rates in some BRIC countries such as Brazil (where yoy inflation rate fell from 10.7% at the end of 2015 to 9.3% in May 2016) and Russia (where it decreased over the same period from 12.9% to 7.5%) and in several other countries such as Ukraine (from 43.3% to 7.5%) and Turkey (from 8.8% to 7.6%). However inflation increased in Egypt (from 11.1% to 12.3%) due to an increase in prices of imported goods, some foodstuffs and services.

Although overall expansive, monetary policies were differentiated in the emerging countries. In Asia, China reduced the mandatory reserve ratio by 50 basis points in February, while interest rates were cut in India (50 basis points at the beginning of April), Indonesia (four 25bps cuts, with the benchmark rate at 6.50%) and the Philippines. Conversely, residual inflationary pressures and the weakness of the exchange rate triggered increases in rates in some Latin American countries (Mexico, Colombia, Chile and Peru) and in South Africa. Amongst the other emerging economies, Egypt also raised its rates on two separate occasions (in March and June for a total 250 percentage points) to support the exchange rate and fight inflationary pressures, while Turkey repeatedly cut its maximum rate (from 10.75% to 9%).

In the CEE and SEE countries, the fall of inflation below the target values favoured rate cuts in Hungary, Albania, Romania and Serbia. Russia and Ukraine of the CIS countries, after initial caution in the early months of the year due to currency pressures, made new reductions to their benchmark rates (from 11% to 10.5% and from 22% to 16.5%, respectively), triggered by the large fall in inflation.

On the financial markets, the MSCI emerging markets equity index remained substantially the same in the period (-0.1%). The weakness of the Asian markets, in particular the Chinese one with a drop in the Shanghai index of almost 20% due to concerns regarding the outlook for the economy and financial stability, was offset by the recovery of other important markets subject to sharp sales in 2015. In particular, there were two digit increases on the Moscow market (+24%), helped by the recovery of the oil price, and the markets in Sao Paulo (+17.3%) and Buenos Aires (+19.3%), the last two based on expectations of changes in economic policy management. With regard to the countries with ISP subsidiaries, the CEE and CEE market indices outperformed the Euro Stoxx (down 12% from January to June) with Slovakia, Slovenia and Hungary on positive ground. Ukraine also saw an increase in prices (+5.7%), while Egypt (-2.2%), affected by signs of an economic slowdown, lost in the second quarter the earnings it made in the first.

During the period, the OITP index, which expresses the dollar's performance against a basket of emerging market currencies, increased by 1.1%; this increase was in addition to the +10.2% recorded in 2015. The dollar strengthened against both the currencies of countries exporting manufactured goods in Asia (India and China) and in Latin America (Mexico), as well as of countries exposed to the hydrocarbons cycle, such as Nigeria and Venezuela. In March, faced with unsustainable pressures on currency reserves, Egypt devalued the pound by 13% and, at the same time, announced a move to a more flexible currency regime. The currencies of the Central and South Eastern European countries mostly remained stable against the Euro that increased its value by 2.3% over the dollar during the period.

The abundant liquidity on the international capital markets fostered a generalized although small (-8 basis points) shrinkage of the EMBI+ spread. The narrowing was greater in Africa (-13 basis points) and Latin America (-12 basis points).

The deterioration of their fiscal and external positions due to the fall in the prices of hydrocarbons induced the principal rating agencies to downgrade, in the first half of 2016, their foreign currency sovereign debt ratings of several oil producing countries both in the Gulf (like Saudi Arabia, Oman and Bahrain) and in the CIS and sub-Saharan areas (among which Kazakhstan, Angola and Nigeria). In Latin America, further rating reductions affected Brazil whilst Argentina, after its debt agreement, is no longer considered selective default.

Outlook for 2016

The outlook for the global economy is still very uncertain. GDP and world trade growth is expected to be modest. Stabilisation of the Chinese economy and a slight improvement in oil prices should gradually ease the stronghold on the advanced economies' exports. The US economy should develop steadily while the EU's economy is forecast to slow down somewhat. The Italian GDP growth rate is not expected to pick up speed in the rest of the year. Interest rates will probably be increased in the US although it is not known yet when this will take place. New monetary policies may be introduced in the EU if the local economy underperforms in the next few months.

The PMI (Purchasing Managers' Index) of the major emerging countries of the BRIC group was below the critical threshold of 50 in both Brazil (43.2 in June) and China (48.6 in June), indicating expectations of a contraction and slowdown in their economies, respectively. The index rose to 51.5 in Russia in June, above 50 for the first time since last November, while it increased to 51.7 in India.

The IMF confirmed the emerging economies' expected growth rate of 4% in its early July update, unchanged from 2015. It forecast a greater slowdown than expected in some MENA countries and sub-Saharan Africa, while the CIS countries and Latin America are forecast to perform better. The expectations for Asia include a gradual deceleration of the Chinese economy to 6.6% (from 6.9% in 2015), brisk growth again in India at 7.4% (from 7.6% however in 2015) and the satisfactory performance of the ASEAN economies at 4.8% (like in 2015).

With respect to the CIS countries, Russia's GDP is forecast to decrease again albeit at a slower pace than in 2015 while the Ukrainian economy is expected to perform positively. In the MENA area, the collapse of tourism and the negative effects of the rise in interest rates and announced cuts in aid on internal demand in Egypt will hold its growth rate below potential once again in 2016.

The domestic insurance market

Total premiums of the life insurance market shrank 5% to €34.5 billion in the first quarter of 2016 after several years of uninterrupted growth. The market saw a concurrent decrease in payments due to less resort to surrenders on traditional policies.

This drop in the life insurance premiums refers to class III products, which were unable to maintain the excellent results achieved in the recent past due to financial market fluctuations and uncertainties. Unit-linked products earned premiums of €9.2 billion, down 29% on the corresponding period of 2015.

Class I life product premiums increased by 7% to €25.3 billion compared to the first quarter of 2015. Given the market turbulence, some insurance companies focused temporarily on traditional products for affluent and private customers.

At distribution channel level, the life bancassurance channel increased its sales marginally by 1% to 6% in the quarter, while premiums collected by agents and financial advisors decreased.

New life premiums also decreased (-7%). Multi-class products exceeded €6.2 billion with new premiums up 42% on the corresponding period of 2015. With respect to the business mix, class I increased its share from 58% in 2015 to the current 61%. This variation did not significantly change the business mix, due to the rigidity of many products, especially those offered by the bancassurance channel, which limit the amount invested in segregated funds.

The life market's contraction is also attributable to the cross-border companies, which have always focused on selling unit-linked products and which saw an 11% reduction in new production compared to the corresponding period of 2015.

Turning to the pension sector, the pick up in the economy in early 2016 had a positive effect on the labour market, which had already benefitted from the government measures adopted to promote employment. The Jobs Act has had a positive impact on the sector's growth, along with the steady reduction in unemployment rates.

The estimated employment rate increased by 0.4% to 22,600,000 workers in March with an unemployment rate of 11.5%. Workers with individual pension plans numbered 4,060,000, up 2% on 31 December 2015, continuing to be the largest component of the various types of qualified pension saving market. The qualified supplementary pension market had 7,350,000 customers in the first quarter of the year, up 1.3% on the end of 2015. The number of workers as a percentage of the total workforce grew to nearly 33% at 31 March 2016. There is also a rather high number of employees (roughly two thirds of the workforce) who have yet to purchase supplementary pension products.

If the open pension funds and individual pension plans are considered, the number of workers with pension plans grew 10% to 3,846,000 compared to the corresponding period of 2015.

The main distribution channel for pension products is the banking and postal channel with approximately 75,100 new members and a 46% rise in volumes on the corresponding period of 2015. The other distribution channels have lost quota. Insurance agents placed more than 41,800 new products during the quarter, a 3% reduction on the corresponding period of the previous year. The financial advisors also saw a downturn in their business with almost 8,900 new participants in the three months, down 2% on the first quarter of 2015.

Contributions collected by the open pension funds and the individual pension funds exceeded €1.3 billion in the first quarter of 2016, showing year-on-year growth of 9%. More than 79% of the contributions consisted of those made by the workers with 18% coming from the transfer of post-employment benefits.

Overall, assets managed by the open pension and individual pension funds grew 11.5% in the three months to almost €36.4 billion at 31 March 2016.

The smaller non-life insurance market saw another downturn in its volumes at the start of the year to roughly €9 billion in the first quarter (-1% on the corresponding period of 2015). The slight rise in non-motor classes was not sufficient to offset the new drop in premiums from the motor business, which was again affected by stiff market competition.

The motor insurance segment recorded premiums of just over €4.3 billion, down 5% on the corresponding period of the previous year. Specifically, the motor third party liability insurance premiums decreased by 6.8%, due to another decrease in MTPL prices. The year-on-year reduction in the average MTPL prices for new customers in March 2016 was about 2%. After seeming to stabilise towards the end of 2015, prices continued to drop after three years of tough competition, leading to decreases of up to 7% on an annual basis.

With respect to non-mandatory covers, after the positive results of 2015, premiums collected by the motor vehicle property damage class increased steadily in the first quarter of 2016, up 6.8% on the corresponding period of the previous year, assisted mainly by the extraordinary sales in the automotive sector. There was an astonishing number of new cars sold during the quarter (+21% on the first third months of 2015). The positive balance of new car registrations and eliminations of approximately 160,000 cars led the growth in the number of vehicles on the roads.

The non-motor insurance segment recorded an increase in premiums collected of just under 3% in the first quarter of 2016 compared to the corresponding period of 2015, benefitting from the weak economic upturn. All the main business areas contributed positively. Specifically, the accident and health insurance classes saw improvements in their premiums collected (+1.8% year-on-year), confirming the encouraging figures for 2015, which ended with a reversal of the substantially stagnant trend in volumes of the last few years. The property & liability segment also performed well (+1.1%), thanks principally to the positive contribution of the fire and natural events segment (+2.4%). Once again, premiums collected by the other non-motor insurance segments (miscellaneous) were positive, up 2.7% on the end of March 2015. The segment especially benefitted from the ongoing rise in premiums of the support and assistance segment (+10.6%) and the transport segments (+3.9%).

The non-life insurance market is still very concentrated with the top five insurance groups holding significant market share, just under 70%, with, however, reductions in their collections compared to the small operators.

The market operators' average combined ratio for the first quarter of the year was 90.5%, a slight improvement on the corresponding period of 2015, mainly thanks to the positive performance of the non-motor segment's loss ratio.

With respect to the distribution of non-life insurance products, the traditional channels confirmed their role as the main distribution network in terms of market share in the quarter, with 85% of the total non-life business volumes. The slow but steady rebalancing of the traditional and banking channels, seen over the last few years, has continued with the latter increasing its share to roughly 6% of the total non-life premiums.

Specifically, although the traditional channels has maintained its 89% share of the motor segment market, the banking channel alone has increased its business volumes (+7%).

Distribution continues to be in the hands of the traditional channels in the non-motor segment as well, specifically the property & liability segment, responsible for over 90% of volumes.

The growth trend of the last two years was confirmed for the banking channel in the first quarter of 2016: in fact, at 31 March 2016, non-life premiums collected by bank branches approximated €605 million, up 11% on the same period of 2015.

The home & family segment recorded the most significant growth in volumes (€152 million, +17% on the first quarter of 2015), again benefiting from the positive results of loan bundling, followed by the Individuals segment (€111 million, +12%), which operators focused on by both developing a more complete product range and more aggressive marketing policies.

The banks recorded positive volumes in the motor segment (€139 million, +7%) in a market that has lost 5% overall. Indeed, the bank branches are the only distribution channel to see an upturn in motor policy premiums in the first quarter of the year.

The bancassurance market is fairly significantly involved in this segment, and the size of the banks' sales networks and customer numbers are key to promoting product development. The large banks have in fact driven the motor segment's development. Preliminary figures for the second quarter of this year confirm this trend.

Action plans and business development

The Intesa Sanpaolo Vita Insurance Group confirmed its leadership position in the **bancassurance** and **pension** segments during the year, thanks partly to continuation of its strategies rolled out with the set up of the insurance division.

This division focuses on customer relations, promoting product innovation and the launch of cutting edge products. It acts as the insurance specialist for Intesa Sanpaolo Group.

Accordingly, the division continued to implement the strategies decided in 2015 for the **life segment**, designed to rebalance premiums collected for class I and III policies by suspending pure class I product premiums and concentrating on the promotion of multi-class products through retail channels (via the Banca dei Territori division) and private banking channels (via the Private Banking-Fideuram division), commenced in 2015.

The parent, Intesa Sanpaolo Vita, actively participated in development of the following activities:

- introduction of initiatives to assist the ultimate parent, Intesa Sanpaolo, with a view to expanding opportunities for customer contact and service;
- design of innovative division communication tools to facilitate the circulation of insurance expertise both within the division (e.g., the *MyInsurance* portal) and to assist the Banca dei Territori division in product placement by customer relations managers;
- completion of integration of the pension plan business previously managed by Intesa Sanpaolo Previdenza to best harmonise pension products for customers.

With respect to the **non-life business**, the parent stepped up its focus on protection products designed for Intesa Sanpaolo Group customers for motor insurance, credit protection (credit protection insurance) as well as products for retail individual customers such as, principally, accident, family protection, prevention and health products.

Furthermore and in order to extend its product portfolio, the division is developing insurance products that include telematics technologies to enter new market sectors.

The insurance group's governance hinges on ensuring that it is adequately capitalised as per the regulatory requirements of the supervisory authority, IVASS. The new legislative framework, Solvency II, became applicable on 1 January 2016 and the Group has taken steps to comply therewith. Accordingly, it monitors its financial investments and its commitments with policyholders.

The Group also concentrates on cost management to ensure continuity and cost synergies.

Performance

Overall performance

The profit for the period came to €366.8 million, a reduction on the €378.9 million for the corresponding period of 2015.

The Group's results were attributable to an excellent operating performance, mainly characterised by:

- growth in the non-life portfolio, thanks to the positive contribution of the new home product and the upturn in the credit protection policies agreed for loans;
- a rise in average assets under management, thanks to net inflows of €6,878.4 million;
- steady financial income;
- careful management of operating costs;

Compared to the corresponding period of 2015, this is mainly due to the following:

- smaller net financial income, including the positive contribution of interest income and gains on sales, with negotiations in place to maintain the returns on segregated funds;
- further progress in the technical performance of the non-life business thanks to the positive contribution of the main core products, especially motor and home products, and a steady return of the credit protection business to profitability.

The net gains on financial instruments amounted to €1,228 million against €1,452 million in the corresponding period of 2015. The steady decline in market rates affected portfolio returns, especially for new investments. This trend was partly offset by the increase in assets under management and their sale given the rise in market prices thanks to the reduction in interest rates.

Comprehensive income amounted to €353.9 million (€256.1 million for the corresponding period of 2015). This is principally the effect of the smaller decrease in the fair value reserve (under other comprehensive income) of €12.5 million (-€123.1 million for the corresponding period of 2015).

Risk management

An internal control system is of strategic importance to Intesa Sanpaolo Vita Group as it is a fundamental part of the entire governance system, which allows the Group to manage its activities in line with its strategies and policies in a prudent and healthy manner.

The risk management system is an important informational tool for the company bodies, keeping them fully up-to-date, ensuring the efficient monitoring of risks and their interaction, providing guidance about strategies and policies and how to ensure compliance of its organisation. It is also important to ensure compliance with general and sector regulations, especially those issued by the supervisory authority and to encourage the adoption of a correct control culture.

The risk management system was reinforced again during the year to comply with the EU and national regulations issued as part of the preparatory phase before enactment of the Solvency II Directive. Specifically, the Group strengthened the procedures and models used to assess its risk profile, the related monitoring processes and governance documents of the insurance group.

This project not only involved the Group's internal processes but also included developing a greater risk management culture, which is shared by the entire organisation and applied to develop and introduce methods to identify, measure, communicate and manage risks.

Intesa Sanpaolo Vita Group implemented an internal control system based on the following pillars:

- the internal control environment, based on senior management's awareness of the importance of correctly 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 various 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-functional, 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 risk management regulation;
- 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 and risk management 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 commensurate with 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.

The risk management strategy

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 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 companies 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 assigned 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 individual Risk Management Units contribute to the formulation of the companies' investment policies and, on the basis of the fair value policy, define 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 preliminary 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 ISP group insurance companies' move towards compliance with the Solvency II Directive is facilitated by the central role played by the Risk Management Unit in project and measurement activities and in relations with the authorities.

Principal results of the risk management strategy

The strategic priority afforded to the gradual reduction 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.

These products optimise the capital profile under Solvency II and have led to improved performances for policyholders compared to the old generation products.

- 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 have an overall exposure above 1%;
- total 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 the period 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, adequately 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);
- as part of management of operational risks, the business and control processes were strengthened.

These results can 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.

Over the last few years, the insurance group companies have worked to implement the requirements of the Solvency II Directive as part of the ultimate parent's insurance division in a consistent and coordinated manner. Their activities are mainly aimed at combining the valuation systems and methods.

At strategic level, they analysed and developed actions related to:

- Products
- Asset Liability Management (ALM) policies
- Planning and budgeting
- Reinsurance policies

At operational level, two macro environments were identified: one related to application tools, for which the data quality management (DQM), the quantitative reporting system, the source systems, the reserve calculation engine and the Solvency II report will be introduced. The other environment involves the governance tools and, especially, preparation of guidelines, formalisation of processes and operating guides and rationalisation of the methods.

In addition to the above, two specific processes will be introduced: the Pillar II ORSA (Own Risk & Solvency Assessment) process and the Pillar III quantitative and qualitative reporting process.

The principal new products

During the period, the Group took steps to reposition its product portfolio and increase the proportion of multi-class products compared to the traditional class I products. This initiative is designed to constructively embrace the new legislative and regulatory framework for risk management and measurement.

It consisted of:

- discontinuation of the class I product "Base Sicura" since the end of February 2016;
- extension of the investment solutions in the two multi-class products introduced in 2015: "Giusto Mix" and "Synthesis", the key insurance/financial products offered by the Group's sales networks, thanks to its component assembly and diversification features designed to meet customers' varied requirements.

Extension of the multi-class range was based on product diversification and stability.

Specifically, the "Giusto Mix" product for retail and individual customers of the Banca Dei Territori division was enriched with a new low-volatility internal fund. This meets the "stability" requirement, which is a key issue with customers given the very volatile financial markets over the last few months. It can be tailored as required.

New external OEICs have been added to the "Synthesis" product offered to Intesa Sanpaolo Private Banking customers to provide additional and more efficient diversification options for the customers' individual portfolios.

As a result, the various customer groups currently have two "core" products that both meet their investment requirements and are in line with the new difficult financial markets.

Sales results have proven the product repositioning strategy to be correct in the period.

The Group will launch new products in the second half of the year to best meet new customer requirements, in line with the two-fold aim of diversification and stability, as well as to meet the particular requirements of special customers.

In February 2016, the subsidiary Intesa Sanpaolo Life launched the "ExclusiveInsurance" product, a new investment solution providing direct access to a wide selection of financial instruments chosen from a panel of 50 funds pre-selected by the subsidiary that are all best of their class (equity, fixed income, balanced and flexible fund categories). The panel includes funds of Intesa Sanpaolo Group (Eurizon Capital S.A.) and major fund management companies such as BlackRock (Luxembourg) S.A., Fidelity (Fil Investment Management S.A.), Invesco Asset Management S.A., JPMorgan Asset Management (Europe) S.à.r.l., M&G Investment Management Ltd. and Morgan Stanley Investment Managment (ACD) Ltd..

During the period, the subsidiary Intesa Sanpaolo Assicura concentrated on its protection products for Intesa Sanpaolo Group customers.

The subsidiary developed the following features for its "**ViaggiaConMe**" (Travel with me) product during the period:

- a new utilisation formula with a three-month premium settlement mechanism (for both the MTPL and the motor property damage components) based on the actual distance (km) driven and redesigned the existing formulae as follows:
  - Formula 5000 km and Formula 8000 km - reduction of the discount percentage upon purchase and elimination of the penalty when the distance limit is exceeded;
  - unlimited kilometre formula - introduction of a cash back option for all contracts that allows the renewed benefit of a discount of up to 25% for the MTPL for owners who do not drive long distances and do not have claims;
- update of the MTPL tariff model to include microzoning and allow better calibration on a geographical basis;
- introduction of a licence plate collection system (through branches, internet banking, online branches and ATMs) with the automated generation of MTPL offers which can be updated and reproposed when insurance policies expire.

With respect to the **credit protection insurance products**, the subsidiary made modifications to the products as requested by the supervisory authorities (IVASS, the Italian Insurance Supervisory Authority, and Bank of Italy) with their letter to the market of 25 August 2015 within the requested deadline (22 February 2016).

The subsidiary launched the following **individuals line** products for the other non-life lines of business:

- *accident insurance*, with the option of insuring up to seven people (either as individuals or legal entities) and introduction of the death caused by accident policy as well as the loss of an academic year, aesthetic damage and fractures compensation options;
- *family cover*, with an increase of the third party liability ceilings and introduction of guarantees such as legal protection, theft and robbery; all these guarantees can also be purchased individually;
- *health*, an innovative product for families with insurance cover for diagnostic tests and the risks arising from tests as well as cover for second opinions;
- *surgery*, providing compensation for the family with cover linked to preset ceilings depending on the seriousness of the surgery;
- *collective policy*, to cover "fire and related events" available at bank branches from May 2016 for life mortgage loans to persons over 60 who own a residential property.

In addition, after the positive feedback from the pilot stage at the Lombardy regional offices in the period from the end of 2015 to February 2016, the subsidiary launched the first part of its "business protection" range for SMEs that are group customers; the products can be tailored to meet the sectors' specific requirements:

- commercial business cover, introduced at the end of May, for retail and wholesale outlets;
- agricultural business cover, introduced at the end of June, for agricultural businesses and their activities.

Performance

During the period, the Group reported gross premiums of €11,000.2 million for both the life (€10,799.0 million) and the non-life (€200.3 million) businesses and, in relation to the former, both products classified as insurance products and policies with a more financial content. Life premiums increased by 3.1% on the corresponding period of 2015 (€10,670.6 million).

Gross life premiums amounted to €10,799.9 million, up 2.5% on the €10,535.7 million for the first six months of 2015.

Gross non-life premiums amounted to €200.3 million, up 48% on the €135 million for the corresponding period of 2015.

Income from traditional products decreased (-21%), more than countered by the rise in class III products (+30%).

millions €

	30-06-2016	30-06-2015	Change	
Collection of contracts classified as insurance and investment with DPF:	**4,640.3**	**5,813.6**	**-1,173.3**	**-20.2%**
- Traditional (class I)	4,454.7	5,663.0	-1,208.3	-21.3%
- Capitalisation (class V)	0.4	1.0	-0.6	-59.0%
- Unit Linked (class III)	11.6	6.9	4.7	67.8%
- Pension funds and Fip (VI)	173.6	142.7	30.9	21.7%
Collection of contracts classified as investment without DPF:	**6,159.6**	**4,722.0**	**1,437.6**	**30.4%**
- Index Linked (class III)	-	-	-	0.0%
- Unit Linked (class III)	6,159.6	4,722.0	1,437.6	30.4%
Total Life business	**10,799.9**	**10,535.7**	**264.3**	**2.5%**

New life business, including income from financial products without discretionary participation features (DPF), came to €10,717.9 million (+2.6%) compared to €10,446.1 million for the corresponding period of 2015.

The distribution structure

The parent, Intesa Sanpaolo Vita, mainly uses the branches of Intesa Sanpaolo Group to distribute its pension, savings and investment products.

Intesa Sanpaolo Vita uses the bank branches of Intesa Sanpaolo Group and, in the early part of the year, Accedo's (formerly Intesa Sanpaolo Personal Finance) distribution network to distribute its CPI products.

The parent also avails of the financial advisors network of Fideuram - Intesa Sanpaolo Private Banking Group to distribute pension products.

It also has sales agreements with non-group banks.

Intesa Sanpaolo Assicura's main distribution channel is Intesa Sanpaolo Group's sales network for its home and family, motor, business, health, financing, lifestyle and cards products. It uses the branches of Intesa Sanpaolo Group and Accedo's (formerly Intesa Sanpaolo Personal Finance) distribution network to distribute its financing and business products (CPI products). The subsidiary also avails of the financial advisors network of Fideuram - Intesa Sanpaolo Private Banking Group to distribute the Salute Fideuram product. Finally, it has management only agreements with non-group banks.

Reinsurance policy

During the period and in order to contain exposure on specific portfolios, the parent, Intesa Sanpaolo Vita, agreed proportionate reinsurance treaties on both a proportionate basis and an excess of loss basis for whole/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.

All its treaties are signed with leading operators and comply with ISVAP Circular no. 574/D. The reinsurer with the lowest rating is in line with the Master Resolution which provides for a minimum rating of A (Standard & Poor's) for long tail business.

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 for specific guarantees and products, mainly assistance guarantees and legal protection.

The main products reinsured with excess of loss treaties refer to the GTPL and MTPL classes (ViaggiaConMe), fire, other damage to goods and GTHL (aCasaConMe), illness/accident products (health) and CPI.

Non-life premiums reinsured during the period amounted to €3,294 thousand, compared to €3,208 thousand for the corresponding period of 2015), equal to roughly 1.5% of gross premiums (2.4% in the corresponding period of 2015). Reinsurance cost the Group €2,163 thousand for the period, including €1,443 thousand for proportional treaties and €720 thousand for excess of loss treaties.

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.

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

Research and development

The group incurred R&D costs during the period for new insurance products.

Staff

At 30 June 2016, the parent and subsidiaries had 549 employees, 11 more than at 31 December 2015. The Group had 71 resources seconded from other companies of Intesa Sanpaolo Group and had seconded 65 employees to other companies of Intesa Sanpaolo Group.

	Intesa Sanpaolo Vita	Intesa Sanpaolo Life	Intesa Sanpaolo Assicura	Smart Care	Totale
Employees	373	53	117	-	543
- Managers	11	1	7	-	19
- Officers	179	11	43	-	233
- Other employees	183	41	67	-	291
Staff seconded from other companies to the Intesa Sanpaolo	66	1	4	-	71
Staff seconded to other companies of the Intesa Sanpaolo Group	31	-	34	-	65
Total	**408**	**54**	**87**	**-**	**549**
Other contractual forms	-	-	-	-	-
General total	**408**	**54**	**87**	**-**	**549**

During the period, the Group completed the organisational review of the insurance division, involving centralisation of governance functions at the parent with the concurrent secondment of the assigned resources.

In March, personnel from the Banca dei Territori network were seconded to the Group to assist business managers with the offer of collective pension plan agreements.

The parent also finalised centralisation of Fideuram Vita's procurement and HR function with the related secondment of the assigned resources.

As a result, the number of outsourced employees was affected by these non-recurring events.

The conditions for activation of the 2015 reward system were met and the bonuses proposed by the remuneration committee and subsequently approved by the board of directors were paid to the employees of the "risk taker" category.

As per the specific provisions of the Group's remuneration policies, both the risk takers category and other employees received bonuses.

Principal regulatory developments in the period

Sector regulations

The new prudential supervisory regulatory framework, Solvency II, affecting the entire insurance sector, became applicable on 1 January 2016.

This framework has completely revised the method used to calculate the synthetic indicators which measure insurance companies' solvency.

Accordingly, the Group has complied with all the new requirements imposed by the new timeframe for reporting to IVASS, including reporting the solvency capital requirement (SCR) and solvency ratio (SR) data along with all the other mandatory qualitative and quantitative information. This information refers both to the date on which the new legislative framework became applicable (1 January 2016) and 31 March 2016. The next reporting date is 25 August 2016 on the Solvency II data at 30 June 2016 to be sent to IVASS.

The main additional regulations published by the supervisory authority in the period are as follows:

- On 15 March 2016, IVASS introduced **Regulation no. 18**, setting out the rules to calculate the technical provisions. The authority specifies the general principles, application rules and methods to be adopted to calculate the technical provisions and to check such calculations. It also clarifies the actuarial function's role in calculating and checking the data to be used to calculate the technical provisions and the activities to be performed if the data is significantly incomplete or incorrect.
- On 10 May 2016, IVASS issued **Regulation no. 21** on the periodic quantitative information to be sent to it for financial stability and macro-prudential supervisory purposes (financial stability reporting). It also clarified the terms and conditions for the transmission of such data. The Regulation sets out the identification criteria for the reporting entities, the general principles for the periodic quantitative information (annual, quarterly) and the content of the reports as well as the timing and formats to be used.
- On 1 June 2016, IVASS issued **Regulation no. 22** on group supervision. Specifically, the Regulation sets out the legal framework for the application of group supervisory tools (including group solvency, monitoring of intragroup transactions, risk concentration and governance), also covered by other regulations.
- On the same date, IVASS issued **Regulation no. 23** covering the claims database, the witness database and the damaged persons database. These databases collect data about claims made for motor vehicles registered in Italy as well as the data of the witnesses and the damaged persons for the same claims in order to prevent and combat fraud in the mandatory motor vehicle insurance sector. IVASS has structured the databases to allow their processing to obtain statistics, perform surveys, studies and data analyses.
- Finally, on 6 June 2016, IVASS issued **Regulation no. 24**, which sets out instructions about investments and assets hedging technical provisions. It provides that insurance and reinsurance companies are required to properly identify, measure, monitor, manage, check and report risks, ensuring the security, quality, liquidity and profitability of their portfolios and identifying assets using criteria that ensure their availability. In order to ensure compliance with the principle of prudent investments, the companies define their investment policies, management of assets and liabilities and liquidity risk in line with the nature, scope and complexity of their business. The board of directors approves these policies with a specific master resolution to be revised at least once a year. In line with the prudence principle and the current regulations, specific requirements for derivatives were maintained:
  - hedging: companies shall have assets that are suitable and sufficient to cover obligations arising from derivatives;
  - ban: on using assets hedging technical provisions as guarantees;
  - ban: on using assets hedging derivatives in the calculation of the capital adequacy requirement, for the part of the assets exceeding that required to enforce the guarantee.

The Group provided IVASS with the necessary information in due time and revised its internal regulations to comply with the new implemented requirements. It also commenced the actions necessary to introduce the additional obligations to send data/make changes to internal processes that will become effective in the second half of the year.

Tax regulations

Law no. 208/2015 (the 2016 Stability Law) introduced several measures to reduce the corporate tax burden, including the decrease in the IRES rate from 27.5% to 24% starting from 2017. Accordingly, the Group recalculated its deferred taxes using the new rate for groups of assets and liabilities that will reverse to profit or loss after 1 January 2017 in its 2015 consolidated financial statements.

Premiums and net payments relating to insurance contracts

Premiums recognised in the period for the life and non-life business, including reinsurance, amounted to €4,793.4 million, down 19% on the corresponding period of the previous year. This decrease mainly referred to the life business and principally to premiums for financial products with DPF.

millions €

	30-06-2016				30-06-2015			
	First year	Subsequent years	Single premiums	**Total**	First year	Subsequent years	Single premiums	**Total**
Life insurance products without DPF	1.3	11.3	370.9	**383.5**	0.5	13.2	221.0	**234.7**
Life insurance products with DPF	-	19.2	6.1	**25.3**	-	22.4	5.7	**28.1**
Life financial products with DPF	7.4	44.1	4,179.9	**4,231.4**	5.6	44.8	5,500.3	**5,550.7**
Non-life insurance products (*)				**153.22**				**122.1**
Total	**8.7**	**74.6**	**4,556.9**	**4,793.4**	**6.1**	**80.4**	**5,727.0**	**5,935.6**

The claims paid in the life business decreased from €4,977.4 million in the first half of 2015 to €4,171.9 million in the reporting period. The claims paid in the non-life business increased by 4% from €47.9 million in the first half of 2015 to €122.1 million in the reporting period. The increase in the non-life business is due to the growth in the size of the policy portfolio which reported an improved loss ratio in relative terms (from 39% in the corresponding period of 2015 to 29% in the reporting period). The reinsurers' share (of claims paid) amount to €0.1 million for the life business and €2.3 million for the non-life business.

millions €

	Claims	Annuities	Surrenders	Maturities	Liquidation costs	**Total**
Insurance products without DPF	-48.5	-0.0	-213.1	-55.0	-8.6	**-325.2**
Insurance products with DPF	-5.9	-3.7	-25.2	-33.2	-	**-68.0**
Financial products with DPF	-841.1	-0.1	-2,642.0	-245.5	-	**-3,728.7**
Non-life business insurance products						**-50.0**
Total 30-06-2016	**-895.5**	**-3.8**	**-2,880.3**	**-333.7**	**-8.6**	**-4,171.9**
Insurance products without DPF	-56.8	-	-310.5	-465.2	-7.7	**-840.2**
Insurance products with DPF	-6.0	-3.4	-34.0	-40.9	-	**-84.3**
Financial products with DPF	-777.5	-0.1	-3,044.7	-182.7	-	**-4,005.0**
Non-life business insurance products						**-47.9**
Total 30-06-2015	**-840.3**	**-3.5**	**-3,389.2**	**-688.8**	**-7.7**	**-4,977.4**

Commissions

Net commissions on financial products without DPF, comprised of index-linked and financial unit-linked policies, amounted to €82.9 million, up 27.1% on the corresponding period of 2015 (€65.2 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 decreased to €1,228.2 million compared to €1,451.8 million for the corresponding period of 2015. The €223.6 million decrease is mainly due to the smaller gains on the sale of available-for-sale instruments (€169.7 million) and smaller losses on sales of €70.7 million. Net gains on financial instruments at fair value through profit or loss also decreased, for the main part related to assets hedging the index-linked and unit-linked product provisions, from +€26.6 million in the first half of 2015 to -€70.3 million in the reporting period.

Commissions and operating expenses

Commissions and operating expenses amount to €175.1 million for the period, up 14.2% compared to €153.3 million for the corresponding period of 2015.

Investment management costs of €28.2 million are in line with the costs for the corresponding period of 2015. The other administrative costs increased, from €22.2 million to €23.5 million for the period due to a change in the distribution mix. Other administrative expenses as a percentage of total net premiums were roughly 0.5% compared to 0.4% for the first half of the previous year.

Commissions and other acquisition costs as a percentage of net premiums came to 3.7% compared to 2.6% for the corresponding period of 2015.

Other revenue and expenses

Other net expenses went from €2.4 million for the first six months of 2015 to €110.3 million for the reporting period, mainly due to exchange rate trends.

Statement of financial position

Investments

The financial investments portfolio amounts to €114,874.8 million (up 7.3% compared to €107,076.5 million at 31 December 2015) and comprises available-for-sale assets (69.3%), assets designated at fair value through profit or loss (30.1%) with the remainder mostly consisting of financial assets held for trading and loans and receivables.

millions €

	30-06-2016		31-12-2015		Change	
Financial assets available for sale	79,609.1	69.3%	75,268.2	70.3%	4,340.8	5.8%
Financial assets measured at fair value	34,521.3	30.1%	30,369.8	28.4%	4,151.5	13.7%
Financial assets held for trading	708.8	0.6%	846.4	0.8%	- 137.7	-16.3%
Land and buildings	19.2	0.0%	19.2	0.0%	- 0.1	-0.4%
Investments in subsidiaries, associates and joint ventures	-	0.0%	-	0.0%	-	n.a.
Loans and receivables	16.5	0.0%	572.9	0.5%	- 556.4	-97.1%
Total	**114,874.8**	**100%**	**107,076.6**	**100%**	**7,798.2**	**7.3%**

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 to long-term perspective.

Against the backdrop of volatile global financial markets, 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 64% of the total. The bond portfolio includes bonds issued by the Italian government, 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

millions €

	30-06-2016	31-12-2015	Change
Capital and reserves attributable to the Group	**4,953.5**	**4,599.5**	**7.7%**
Group capital and reserves	3,950.3	3,338.1	18.3%
Gains (losses) on financial assets available for sale	636.4	648.9	-1.9%
Profit (loss)	366.8	612.5	-40.1%

At 30 June 2016, the Group reported equity of €4,953.5 million, including the profit for the period of €366.8 million, compared to equity at the start of the period of €4,599.5 million.

It recognised a €636.4 million fair value gain in the fair value reserve under equity compared to €648.9 million recognised at 31 December 2015 as a result of the different market values compared to the carrying amounts.

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

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 5.9% from €105,005.4 million at 31 December 2015 to €111,204.1 million at the reporting date.

Technical provisions and financial liabilities of the life business, considering deferred liabilities with policyholders as well, went from €104,501.0 million at 31 December 2015 to €110,657.2 million at 30 June 2016 (+5.9%).

Insurance provisions

The life business' insurance provisions increased by 1.4%. The increase is attributable to the revaluation of benefits to policyholders and the performance of production aggregates.

The increase in the non-life business insurance provisions was 8.4% from €504.4 million to €546.9 million at 30 June 2016.

Deferred liabilities with policyholders incorporating the policyholders' share of fair value gains and losses on investments increased from €5,655.9 million to €6,606.1 million.

Financial liabilities

Financial liabilities rose by 16.2% from €25,770.5 million at 31 December 2015 to €29,951.9 million at the reporting date. This increase is principally attributable to business trends and portfolio movements. It also incorporates fair value gains and losses on investments to which those liabilities are related.

millions €

	30-06-2016	31-12-2015	Change
Liabilities due to policyholders for Life segment	**110,657.2**	**104,501.0**	**5.9%**
Insurance provisions and financial liabilities:	104,051.1	98,845.1	5.3%
traditional	70,480.5	69,422.1	1.5%
- of which financial liabilities	*-*	*-*	*n.a.*
- of which insurance provisions	*70,480.5*	*69,422.1*	*1.5%*
linked	33,570.6	29,423.0	14.1%
- of which financial liabilities	*29,951.9*	*25,770.5*	*16.2%*
- of which insurance provisions	*3,618.7*	*3,652.5*	*-0.9%*
Deferred liabilities due to policyholders	6,606.1	5,655.9	16.8%
Insurance provisions for non-life segment	**546.9**	**504.4**	**8.4%**
Provision for unearned premiums	382.7	335.6	14.0%
Provision for outstanding claims	163.4	167.9	-2.7%
Other insurance provisions	0.8	0.9	-3.6%
Liabilities due to policyholders	**111,204.1**	**105,005.4**	**5.9%**

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 illustrated in the basis of preparation section of the notes to the interim consolidated financial statements, the application of IFRS 13 governing fair value measurement and related disclosure is mandatory from 1 January 2013.

The 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 operators 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:

– <u>identification of the sources for measurement</u>: 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;
– <u>certification and treatment of market data for measurements</u>: 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;
– <u>validation of pricing models and Model Risk Assessment</u>: 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;
– <u>monitoring consistency of pricing models over time</u>: 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 prices of the financial instrument being valued but on prices or credit spreads derived from official prices of instruments that are substantially similar in terms of price risk, using a given calculation method (pricing method). Resort to this approach entails searches for transactions on active markets relating to instruments that are comparable to the instrument being valued in risk factor terms. The calculation methods classified as Level 2 allows the reproduction of prices of financial instruments listed on active markets (model calibration) without including discretional parameters (i.e., parameters whose values cannot be obtained from prices of financial instruments on active markets or that cannot be pegged at levels that duplicate prices on active markets) that would have a significant influence on the final valuation price.

In order to calculate the fair value of certain types of financial instrument, valuation models are used that entail the use of parameters that cannot be observed directly on the market and, hence, require the valuer to make estimates and assumptions (level 3).

As required by IFRS 13, the following tables provide quantitative information about significant unobservable inputs used for the fair value measurement of financial assets and financial liabilities valued at Level 3 as well as the effects of a change in one or more unobservable parameters used in the valuation technique used to calculate fair value.

(€'000)

Financial assets/liabilities	Valuation technique	Main non-observable inputs	Minimum of variation range	Maximum of variation range	Unit	Fair value gain	Fair value loss
Securities	Discounting Cash Flows	Credit Spread	-70	30	%	14,339	-6,171
Structured securities	Two-rate model	Correlation	-26	10	%	116	-225

Financial assets/liabilities			Non-observable parameters	Sensitivity (€'000)	Change in non-observable parameters
Securities held for trading and available-for-sale	Credit spread	-13		1 bp	
Securities held for trading and available-for-sale	Correlation	10		0	

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

The amount of securities transferred to another fair value level is specified below:

thousands €

	Transfers among levels as at 30-06-2016					
	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	1,993	-	-	-	-	-
Financial assets designated at fair value through profit and loss	56,385	-	-	-	-	36,069
Financial assets available for sale	264,496	-	-	-	-	-
Financial assets measured at fair value through profit and loss	**322,874**	**-**	**-**	**-**	**-**	**36,069**
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.

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	Profit and loss	Other comprehensive Income	Totale
Financial assets available for sale	82	-1,693	-1,611
Financial assets held for trading	-1,693	0	-1,693
Financial assets designated at fair value through profit and loss	-3,886	0	-3,886
Loans & Receivables	0	0	0
Totale	**-5,497**	**-1,693**	**-7,190**

thousands €

	Available-for-sale financial assets	Financial assets held for trading	Financial assets designated at fair value through profit or loss
Opening balance	**476,576**	**56,398**	**731,182**
Additions	**109,809**	**119**	**89,907**
Acquisitions	98,534	0	53,796
Fairl value gains recognised in equity	3,266	0	0
Fairl value gains recognised in profit or loss	0	0	42
Realised gains	128	11	0
Other increases	7,881	108	0
Decreases	**-23,951**	**-9,067**	**81,830**
Sales and repayments	-5,280	-7,364	-20,287
Fairl value losses recognised in equity	-12,085	0	0
Fairl value losses recognised in profit or loss	-3,853	-1,703	-3,924
Realised losses	-76	0	-3
Other decreases	-2,657	0	106,044
Closing balance	**562,434**	**47,450**	**902,919**

Fair value gains and losses on securities classified as available-for-sale are recognised in equity caption 1.1.7 "Reserve for unrealized gains (losses) on available for sale financial assets" 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 "Net fair value gains or losses on 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.

It 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 and non-life segments, reference should be made to the annexes to these notes while the performance of the two segments during the period is commented on below.

Life business

The Group recorded gross premiums of €10,799.9 million, relating to both premiums on insurance products and financial products with DPF, as well as gross inflows from financial products without DPF.

Gross premiums increased by 2.5% compared to the corresponding period of 2015.

millions €

	30-06-2016	30-06-2015	Change	
Collection of contracts classified as insurance and investment with DPF:	**4,640.3**	**5,813.6**	**-1,173.3**	**-20.2%**
- Traditional (class I)	4,454.7	5,663.0	-1,208.3	-21.3%
- Capitalisation (class V)	0.4	1.0	-0.6	-59.0%
- Unit Linked (class III)	11.6	6.9	4.7	67.8%
- Pension funds and Fip (VI)	173.6	142.7	30.9	21.7%
Collection of contracts classified as investment without DPF:	**6,159.6**	**4,722.0**	**1,437.6**	**30.4%**
- Index Linked (class III)	-	-	-	0.0%
- Unit Linked (class III)	6,159.6	4,722.0	1,437.6	30.4%
Total Life business	**10,799.9**	**10,535.7**	**264.3**	**2.5%**

Changes in the life insurance contracts are set out below:

	Contracts on 31-12-2015	New contracts	Other inflows	Payments and maturities	Other outflows	Contracts on 30-06-2016
Traditional	1,281,653	28,050	-	-67,092	-1,692	1,240,919
Capitalisation	2,417	2	-	-91	-	2,328
Unit Linked	363,148	85,501	4	-26,471	-	422,182
Pension	75,614	17,729	-	-355	-432	92,556
F.I.P.	32,123	-	-	-405	-1,221	30,497
Temporary Death Policies	1,084,773	185,243	-	-96,290	-71,057	1,102,669
Index Linked	14,449	-	-	-11,955	-	2,494
Open-Ended Pension Func	259,624	30,548	-	-2,447	-1,794	285,931
Multiramo	166,299	59,813	-	-2,065	-4,897	219,150
Total	**3,280,100**	**406,886**	**4**	**-207,171**	**-81,093**	**3,398,726**

The net insurance benefits and claims, including the adjustment to the insurance provisions, amount to €5,186.2 million, showing a 22.1% decrease on the €6,660.7 million recognised for the corresponding period of 2015. This performance is the result of the combined effect of the containment of claims paid and the increase in insurance provisions, due principally to the commercial performance.

With regard to the claims paid, charges due to claims increased by 6.6%, while the propensity of policyholders to surrender decreased by 15%.

The provision for outstanding claims, net of reinsurance, decreased by €55.6 million. The reduction in mathematical provisions, after accounting for the reinsurers' share, amounts to €1,131 million, whilst provisions resulting from pension fund management where the investment risk is borne by the policyholders increased by €34 million. The other technical provisions at 30 June 2016, net of the reinsurers' share, decreased by a net €23 million.

Commissions and other acquisition costs, net of profit participation and other commissions received from reinsurers, amount to €121 million. They include acquisition costs relating to insurance contracts and investment contracts with DPF. In particular, the caption includes acquisition commissions of €84 million (+23%), other acquisition costs of €12 million (in line with the corresponding period of 2015) and collection commissions of €24 million (-34%).

Investment management costs amount to €28 million for 2016 (€28 million for the corresponding period of 2015) and include general costs and personnel expenses related to the management of investment property and equity investments.

Administrative costs amount to €18 million, up from the balance for the corresponding period of 2015.

Non-life business

Intesa Sanpaolo Vita Group is mainly active in the non-life business through its subsidiary Intesa Sanpaolo Assicura.

Gross premiums for the period amount to €200.3 million, up on the corresponding period of 2015 (€135 million). The banking channel contributed €192.4 million, the financial advisors channel contributed €2.3 million whilst the other channels contributed €3.7 million.

A breakdown by distribution channel is as follows:

millions €

	30-06-2016					30-06-2015					Change	
	Promoters	Bancassurance	Post office counters	Other channels	Total	Promoters	Bancassurance	Post office counters	Other channels	Total		
Health	2.2	3.9	-	-	6.1	2.1	3.2	-	2.1	7.5	-1.3	-17.3%
CPI	-	89.6	-	-	89.6	-	48.6	-	-	48.6	40.9	84.2%
Multi-guarantee on loans	-	29.1	-	-	29.1	-	14.3	-	-	14.3	14.9	104.2%
Property	0.1	18.0	1.8	-	19.9	-	-	-	-	-	19.9	n.a.
CPI on Neos leasing	-	0.2	-	-	0.2	-	-	-	-	-	0.2	n.a.
Motor	-	46.5	-	2.0	48.5	-	43.5	-	1.8	45.2	3.2	7.1%
Other banking-insurance products	-	5.1	-	1.7	6.8	-	2.0	-	0.1	2.1	4.7	223.8%
Multi-risks property	-	-	-	-	-	0.1	15.2	2.0	-	17.3	-17.3	-100.0%
Total	**2.3**	**192.4**	**1.8**	**3.7**	**200.3**	**2.2**	**126.8**	**2.0**	**4.0**	**135.0**	**65.3**	**48.4%**

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

millions €

	30-06-2016	30-06-2015	Change	
Accident	0.7	1.5	-0.8	-53.3%
Health	7.0	8.1	-1.1	-13.6%
Land vehicles	3.0	2.5	0.5	20.0%
Railway rolling stock	-	-	-	n.d.
Aircraft	-	-	-	n.d.
Ships	-	-	-	n.d.
Goods in transit	-	-	-	n.d.
Fire and natural events	1.1	1.4	-0.3	-21.4%
Other damage to property	1.2	0.9	0.3	33.3%
Credit	1.0	1.2	-0.1	-8.3%
Surety	0.0	0.8	-0.8	-100.0%
Motor third party liability	27.7	28.4	-0.7	-2.5%
Aircraft liability	-	-	-	n.d.
Liability for ships	0.0	0.0	0.0	n.d.
Legal protection	0.1	0.7	-0.6	-85.7%
General third party liability	1.1	1.2	-0.0	n.d.
Miscellaneous financial loss	6.3	9.3	-3.0	-32.3%
Assistance	0.7	0.1	0.6	600.0%
Total	**50.0**	**56.1**	**-6.1**	**-10.9%**

At 30 June 2016, non-life policies numbered 1,990,457.

Commissions and other acquisition costs, net of profit participation and other commissions received from reinsurers, amount to €54.3 million (€36 million for the corresponding period of 2015).

Investment management costs amount to €0.3 million for the period (€0.2 million for the corresponding period of 2015) and include general costs and personnel expenses related to the management of investment property and equity investments.

Administrative costs amount to €9.4 million, up from €8.9 million for the first six months of 2015.

Other information

Principal risks and uncertainties for companies included in the consolidation scope

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 department 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, 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.

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 and capital management

The performance on the Luxembourg stock exchange of the two series of subordinated bonds issued in 2013 and 2014 during the period is set out below:

- Five-year non-convertible subordinated bonds issued on 18 September 2013 for €500 million (XS0972240997)

  The bond price was €110.11 at the beginning of the period and €108.93 at 30 June 2016. The lowest price was €107.40 on 12 February while the highest price quoted was €110.57 on 25 April.

- Non-convertible subordinated bonds with an unspecified maturity redeemable at the end of the tenth year issued on 17 December 2014 for €750 million (XS1156024116)

The bond price was €99.79 at the beginning of the period and €97.04 at 30 June 2016. The lowest price was €87.99 on 12 February while the highest price quoted was €103.77 on 22 April.

Related party transactions

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 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 655,157,496 ordinary registered shares with no nominal amount.

At 30 June 2016, Intesa Sanpaolo Vita Group held 442,969 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. They were also acquired for the investment plan benefiting all employees (LECOIP plan) and investments included in pension products. The carrying amount and fair value of the shares is €0.8 million.

A breakdown of the ultimate parent's shares held by the Intesa Sanpaolo Vita Group companies at period end is as follows:

€ migliaia

	Numero azioni	Valore al 30.06.2016
Intesa Sanpaolo Vita SpA	306,548	522
Intesa Sanpaolo Assicura SpA	30,661	52
Intesa Sanpaolo Life Ltd	105,760	180
Totale	**442,969**	**754**

Main offices

The parent's registered office is located in Corso Inghilterra 3, Turin and its administrative offices are located in Viale Stelvio 55/57, Milan.

Audit

KPMG S.p.A. performs the legally-required audit of the Group's interim consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

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.

Milan, 2 August 2016

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 30-06-2016	Total 31-12-2015
1	**INTANGIBLE ASSETS**	**635,446**	**635,546**
1.1	Goodwill	634,580	634,580
1.2	Other intangible assets	866	966
2	**TANGIBLE ASSETS**	**4,443**	**1,526**
2.1	Lands and buildings (self used)	-	-
2.2	Other tangible assets	4,443	1,526
3	**AMOUNT CEDED TO REINSURERS FROM INSURANCE PROVISIONS**	**19,607**	**22,383**
4	**INVESTMENTS**	**114,874,761**	**107,076,440**
4.1	Lands and buildings (investment properties)	19,166	19,249
4.2	Investments in subsidiaries, associates and joint ventures	-	-
4.3	Investments held to maturity	-	-
4.4	Loans and receivables	16,478	572,878
4.5	Financial assets available for sale	79,609,067	75,268,127
4.6	Financial assets at fair value through profit and loss	35,230,050	31,216,186
5	**RECEIVABLES**	**310,010**	**320,162**
5.1	Receivables arising from direct insurance operations	17,203	13,816
5.2	Receivables arising from reinsurance operations	3,123	3,957
5.3	Other receivables	289,684	302,389
6	**OTHER ASSETS**	**2,324,213**	**1,923,696**
6.1	Non-current assets held for sale and discontinued operations	-	-
6.2	Deferred acquisition costs	-	-
6.3	Deferred tax assets	201,590	193,520
6.4	Current tax assets	1,762,330	1,453,609
6.5	Other assets	360,293	276,567
7	**CASH AND CASH EQUIVALENTS**	**1,548,030**	**3,003,162**
	TOTAL ASSETS	**119,716,510**	**112,982,915**

thousands €

INTESA SANPAOLO VITA S.p.A.		Total 30-06-2016	Total 31-12-2015
1	**SHAREHOLDERS' EQUITY**	**4,953,471**	**4,599,469**
1.1	**attributable to the Group**	**4,953,471**	**4,599,469**
1.1.1	Share capital	320,423	320,423
1.1.2	Other equity instruments	-	-
1.1.3	Capital reserves	1,328,097	1,328,097
1.1.4	Revenue reserves and other reserves	2,302,451	1,689,868
1.1.5	(Own shares)	-	-
1.1.6	Reserve for currency translation differences	-	-
1.1.7	Reserve for unrealized gains (losses) on available for sale financial assets	636,406	648,895
1.1.8	Reserve for other unrealized gains (losses) through equity	-683	-306
1.1.9	Result of the period	366,777	612,492
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**	**9,690**	**13,922**
3	**INSURANCE PROVISIONS**	**81,252,185**	**79,234,885**
4	**FINANCIAL LIABILITIES**	**31,618,108**	**27,363,880**
4.1	Financial liabilities at fair value through profit and loss	30,061,019	25,913,726
4.2	Other financial liabilities	1,557,089	1,450,154
5	**PAYABLES**	**665,731**	**618,935**
5.1	Payables arising from direct insurance operations	137,849	138,989
5.2	Payables arising from reinsurance operations	2,931	1,598
5.3	Other payables	524,951	478,348
6	**OTHER LIABILITIES**	**1,217,325**	**1,151,824**
6.1	Non-current liabilities held for sale and discontinued operations	-	-
6.2	Deferred tax liabilities	630,656	634,352
6.3	Current tax liabilities	378,955	363,568
6.4	Other liabilities	207,714	153,904
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**119,716,510**	**112,982,915**

INCOME STATEMENT

thousands €

	INTESA SANPAOLO VITA S.p.A.	Total 30-06-2016	Total 30-06-2015
1.1	Net earned premiums	4,788,431	5,931,341
1.1.1	*Gross earned premiums*	*4,793,543*	*5,935,744*
1.1.2	*Earned premiums ceded*	*-5,112*	*-4,403*
1.2	Commission income	254,867	200,650
1.3	Gains (losses) on financial instruments at fair value through profit and loss	-70,290	26,538
1.4	Income from investments in subsidiaries, associates and joint ventures	-	-
1.5	Income from other financial instruments and lands and buildings	1,398,695	1,547,897
1.5.1	*Interest income*	*921,465*	*938,536*
1.5.2	*Other income*	*99,378*	*61,810*
1.5.3	*Gains on disposal*	*377,852*	*547,551*
1.5.4	*Unrealized gains*	-	-
1.6	Other income	135,809	173,707
1	**TOTAL INCOME**	**6,507,512**	**7,880,133**
2.1	Net insurance benefits and claims	-5,228,766	-6,707,286
2.1.1	*Claims paid and change in insurance provisions*	*-5,229,711*	*-6,708,241*
2.1.2	*Reinsurers' share*	*945*	*955*
2.2	Fee and commission expense	-171,951	-135,402
2.3	Expenses from investments in subsidiaries, associates and joint ventures	-	-3
2.4	Expenses from other financial instruments and lands and buildings	-100,250	-122,677
2.4.1	*Interest expense*	*-36,864*	*-33,062*
2.4.2	*Other expenses*	*-1*	*-1*
2.4.3	*Losses on disposal*	*-13,154*	*-83,863*
2.4.4	*Unrealized losses*	*-50,231*	*-5,751*
2.5	Operating expenses	-226,819	-203,726
2.5.1	*Commissions and other acquisition costs*	*-175,106*	*-153,324*
2.5.2	*Investment management expenses*	*-28,213*	*-28,180*
2.5.3	*Other administrative expenses*	*-23,500*	*-22,222*
2.6	Other expenses	-246,101	-176,146
2	**TOTAL EXPENSES**	**-5,973,887**	**-7,345,240**
	PROFIT (LOSS) BEFORE TAXES FOR THE PERIOD	**533,625**	**534,893**
3	Income taxes	-166,848	-156,028
	PROFIT (LOSS) AFTER TAX FOR THE PERIOD	**366,777**	**378,865**
4	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	-	-
	CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	**366,777**	**378,865**
	of which attributable to the Group	366,777	378,865
	of which attributable to minority interests	-	-

STATEMENT OF COMPREHENSIVE INCOME

thousands €

INTESA SANPAOLO VITA S.p.A.	Total 30-06-2016	Total 30-06-2015
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	**366,777**	**378,865**
Other comprehensive income after taxes without reclassification in the income statement	**-377**	**334**
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	-377	334
Other items	-	-
Other comprehensive income after taxes with reclassification in the income statement	**-12,489**	**-123,095**
Foreign currency translation differences	-	-40
Net unrealized gains (losses) on available for sale financial assets	-12,489	-123,055
Net unrealized gains (losses) on cash flow hedging derivatives	-	-
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	**-12,866**	**-122,761**
TOTAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**353,911**	**256,104**
of which attributable to the Group	**353,911**	**256,104**
of which attributable to minority interests	**-**	**-**

STATEMENT OF CHANGES IN EQUITY

thousands €

INTESA SANPAOLO VITA S.p.A.		Amount as of 31-12-2014	Change in Closing Balances	Allocations	Reclassification adjustments to income statement	Transfers	Change in Profit sharing	Amount as of 30-06-2015
Shareholders' equity attributable to the Group	Share capital	320,423	-	-	-	-	-	320,423
	Other equity instruments	-	-	-	-	-	-	-
	Capital reserves	1,328,097	-	-	-	-	-	1,328,097
	Revenue reserves and other reserves	1,660,635	-	480,844	-	-19	-	2,141,460
	(Own shares)	-	-	-	-	-	-	-
	Result for the period	480,406	-	-101,540	-	-1	-	378,865
	Other comprehensive income	589,888	-	334	-82,725	-40,370	-	467,127
	Total attributable to the Group	**4,379,449**	**-**	**379,638**	**-82,725**	**-40,390**	**-**	**4,635,972**
Shareholders' equity attributable to minority interests	Shareholder capital and reserves	-	-	-	-	-	-	-
	Result for the period	-	-	-	-	-	-	-
	Other comprehensive income	-	-	-	-	-	-	-
	Total attributable to minority interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total		**4,379,449**	**-**	**379,638**	**-82,725**	**-40,390**	**-**	**4,635,972**

INTESA SANPAOLO VITA S.p.A.		Amount as of 31-12-2015	Change in Closing Balances	Allocations	Reclassification adjustments to income statement	Transfers	Change in Profit sharing	Amount as of 30-06-2016
Shareholders' equity attributable to the Group	Share capital	320,423	-	-	-	-	-	320,423
	Other equity instruments	-	-	-	-	-	-	-
	Capital reserves	1,328,097	-	-	-	-	-	1,328,097
	Revenue reserves and other reserves	1,689,868	-	612,583	-	-	-	2,302,451
	(Own shares)	-	-	-	-	-	-	-
	Result for the period	612,492	-	-245,715	-	-	-	366,777
	Other comprehensive income	648,589	-	-377	-39,301	26,812	-	635,723
	Total attributable to the Group	**4,599,469**	**-**	**366,491**	**-39,301**	**26,812**	**-**	**4,953,471**
Shareholders' equity attributable to minority interests	Shareholder capital and reserves	-	-	-	-	-	-	-
	Result for the period	-	-	-	-	-	-	-
	Other comprehensive income	-	-	-	-	-	-	-
	Total attributable to minority interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total		**4,599,469**	**-**	**366,491**	**-39,301**	**26,812**	**-**	**4,953,471**

STATEMENT OF CASH FLOWS (INDIRECT METHOD)

thousands €

INTESA SANPAOLO VITA S.p.A.	30-06-2016	30-06-2015
Profit (loss) before taxes for the period	**533,625**	**534,893**
Change in non-cash items	**2,160,803**	**339,985**
Change in non-life provision from unearned premium	48,334	13,688
Change in non-life provision for outstanding claims and other insurance provisions	-4,212	-5,322
Change in mathematical provisions and other life insurance provisions	1,963,465	-67,928
Change in deferred acquisition costs	-	42
Change in provisions	-4,232	-2,245
Non-cash income and expenses from financial instruments, investment property and equity investments	172,031	419,330
Other expenses	-14,583	-17,580
Change in receivables and payables generated by operating activities	**-266,302**	**48,300**
Change in receivables and payables on direct insurance and reinsurance operations	-2,360	38,923
Change in other receivables and payables	-263,942	9,377
Income taxes paid	**-166,848**	**-156,028**
Net cash generated/absorbed by cash items related to investment and financing activity	**118,564**	**-69,294**
Financial liabilities related to investment contracts	4,254,228	3,031,988
Payables to banks and customers	-	-
Loans and receivable from banks and customers	-	-
Other financial instruments at fair value through profit or loss	-4,135,664	-3,101,282
CASH FLOW FROM OPERATING ACTIVITY	**2,379,842**	**697,856**
Net cash generated/absorbed by lands and buildings (investment property)	83	83
Net cash generated/absorbed by equity investments in subsidiaries, associates and joint ventures	-	-
Net cash generated/absorbed by loans and receivable	556,400	-16,926
Net cash generated/absorbed by held to maturity investments	-	-
Net cash generated/absorbed by available for sale financial assets	-4,391,171	-282,194
Net cash generated/absorbed by tangible and intangible assets	-	-
Other cash generated/absorbed by investment activity	-	-
CASH FLOW FROM INVESTING ACTIVITY	**-3,834,688**	**-299,037**
Net cash generated/absorbed by Group’s share capital and equity instruments	-286	713
Net cash generated/absorbed by own shares	-	-
Dividends payment	-	-
Net cash generated/absorbed by minority interests’ share capital and reserves	-	-
Net cash generated/absorbed by subordinated liabilities and participative financial instruments	-	-
Net cash generated/absorbed by other financial liabilities	-	-
CASH FLOW FROM FINANCING ACTIVITY	**-286**	**713**
Effect of foreign-exchange differences on cash and cash equivalents		-
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	3,003,162	2,560,638
INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS	**-1,455,132**	**399,532**
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	1,548,030	2,960,170

The parent's legal representatives (*)

The Chairman – Luigi Maranzana……………………………………………………………………………………………………(**)

(signed on the original)

(*) 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 Group's interim consolidated financial statements have, therefore, been prepared in compliance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) endorsed by the European Commission pursuant to EC regulation no. 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 the 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 (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 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. They are accompanied by a directors' report.

The interim consolidated financial statements have been prepared based on the instructions about layouts issued by the Italian Insurance Regulator (ISVAP) with regulation no. 7 of 13 July 2007, as subsequently amended and integrated, and IAS 34. The information to be included in the notes to the interim consolidated financial statements has been supplemented with the additional disclosures required by the IFRS for the preparation of interim financial statements.

The interim consolidated financial statements schedules 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 2015, to which reference should be made for more detailed information.

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 purchase programme commenced by Intesa Sanpaolo S.p.A. to service the senior management 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 the concurrent recognition of personnel expense of the same amount and an increase in the related equity reserve for the ultimate parent's shares.

PART B - CONSOLIDATION POLICIES AND SCOPE

Consolidation policies

These interim consolidated financial statements include, as well as the interim financial statements of the parent, Intesa Sanpaolo Vita, those of the subsidiaries Intesa Sanpaolo Life, Intesa Sanpaolo Assicura and Intesa Sanpaolo Smart Care.

In compliance with IFRS 10, all the investments in subsidiaries, including those working in business sectors that are different to those of the parent, are consolidated using 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 year 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 equity 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.

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

The interim financial statements used for consolidation are those at 30 June 2016 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 segment" and "Income statement by segment".

The life insurance business segment includes the non-insurance subsidiary Smart Care.

Consolidation scope

Investments in subsidiaries, including in companies operating in business sectors that are different from that of the parent, are consolidated on a line-by-line basis.

A list of the companies consolidated at 30 June 2016 is provided in the annex to the notes "Consolidation scope".

INTANGIBLE ASSETS (caption 1)

The caption amounts to €635,446 thousand (€635,546 thousand at 31 December 2015).

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

thousands €

	Cost	Deemed cost or fair value	Carrying amount 30/06/2016	Cost	Deemed cost or fair value	Carrying amout 31/12/2015
Goodwill	634,580		634,580	634,580		634,580
Other intangible assets	866		866	966		966
Total	**635,446**	**-**	**635,446**	**635,546**	**-**	**635,546**

Goodwill of €634,580 thousand, unchanged from 31 December 2015, refers 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 and the contribution of the Intesa Sanpaolo Previdenza SIM S.p.A. buiness unit on 1 December 2014.

Goodwill was tested for impairment by benchmarking it against the overall intrinsic value of the life portfolio measured at 31 December 2015. The discount rate used to calculate the intrinsic value was derived from the "risk neutral" approach, using the Euroswap curve adjusted by the volatility adjustment defined in the Solvency II regulation.

This measurement, which gives values considerably higher than goodwill, was supported by the elements characterising the operations in the period 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 policy to contain operating costs, continued again in the period, also contributes to improving the future profitability of the existing portfolio;
- the financial market performance maintained the positive balance of the fair gains/losses on the segregated funds.

Moreover, the performance in the first half of 2016 and forecasts for the entire year are consistent with the 2015 results, without indicating subsequent events that may negatively affect measurement.

Other tangible assets (caption 2.2)

This caption amounting to €4,443 thousand (€1,526 thousand at 31 December 2015) mainly comprises chattels, electronic systems, equipment and office machines. The increase for the period is mostly attributable to the contribution of Smart Care due to acquisition of the "aCasaConMe" product boxes.

AMOUNT CEDED TO REINSURERS FROM INSURANCE PROVISIONS (caption 3)

The balance amounts to €19,607 thousand (€22,383 thousand at 31 December 2015), with a decrease of €2,776 thousand compared to 31 December 2015. The breakdown by provision type is shown in the annex to the notes "Breakdown of amount ceded to reinsurers from insurance provisions".

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), which include the property in Via Hoepli 10, Milan, amount to €114,874,761 thousand (€107,076,440 thousand at 31 December 2015).

Lands and buildings (investment properties) (caption 4.1)

This caption amounts to €19,166 thousand and is essentially unchanged from 31 December 2015 (€19,249 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 €114,855,595 thousand (€107,057,191 thousand at 31 December 2015). 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 €16,478 thousand (€572,878 thousand at 31 December 2015) as follows:

thousands €

	30-06-2016	31-12-2015
Loans and receivables with bank customers	**16,179**	16,179
Loans and receivables with banks	**-**	556,374
Deposits with ceding companies	**-**	0
Other loans and receivables	**299**	325
- loans on policies	299	325
- secured loans	-	0
- employee loans	-	0
- other	-	0
Total	**16,478**	**572,878**

The maximum exposure to the credit risk on loans and receivables is €16,478 thousand, i.e., the carrying amount of such assets. Loans and receivables with banks mainly consist of debt instruments and are mostly short-term. The variation on 31 December 2015 is due to the expiry dates of the repos, which had been included in this caption.

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

Financial assets available for sale (caption 4.5)

They amount to €79,609,067 thousand (€75,268,127 thousand at 31 December 2015), mainly comprise bonds and may be broken down as follows:

thousands €

	30-06-2016				31-12-2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Debt securities	68,450,655	1,652,283	40,225	70,143,163	64,771,028	2,191,939	44,097	67,007,064
- Structured	3,317,083	357,280	4,583	3,678,946	2,224,723	423,957	4,677	2,653,357
- Other	65,133,572	1,295,003	35,642	66,464,217	62,546,305	1,767,982	39,420	64,353,707
Equity instruments	1,417,500	1	52	1,417,553	1,322,135	1	53	1,322,189
- Cost	-	-	52	52	-	-	52	52
- FVTPL	1,417,500	1	-	1,417,501	1,322,135	1	1	1,322,137
UCI shares	7,526,194	-	522,157	8,048,351	6,506,448	-	432,426	6,938,874
Total	**77,394,349**	**1,652,284**	**562,434**	**79,609,067**	**72,599,611**	**2,191,940**	**476,576**	**75,268,127**

Changes in Level 3 assets are presented in the annex to the notes "Breakdown of changes to assets and liabilities of level 3, at fair value on a recurring basis".

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 €48,928 thousand. This amount includes net impairment losses on bonds (€201 thousand), equity instruments (€47,361 thousand) and OEIC units (€1,366 thousand).

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

thousands €

	DEBT SECURITIES					
	Government bonds			Other		
	Value before impairment	Impairment	Carrying amount	Value before impairment	Impairment	Carrying amount
Schengen countries	52,777,181	-	52,777,181	13,096,992	-550	13,096,442
AUSTRIA	2,812	-	2,812	2,319	-	2,319
BELGIUM	6,318	-	6,318	171,059	-	171,059
BULGARIA	56,649	-	56,649	11,136	-	11,136
CROATIA	56,856	-	56,856	16,218	-	16,218
DENMARK	-	-	-	41,502	-	41,502
FINLAND	4,640	-	4,640	-	-	-
FRANCE	69,757	-	69,757	1,323,812	593	1,324,405
GERMANY	812,146	-	812,146	420,307	-	420,307
IRELAND	99,923	-	99,923	233,718	-	233,718
ITALY	50,290,458	-	50,290,458	7,131,580	-342	7,131,238
LUXEMBOURG	39,848	-	39,848	370,356	-	370,356
NORWAY	-	-	-	78,484	-	78,484
NETHERLANDS	77,571	-	77,571	1,234,307	-	1,234,307
POLAND	18,918	-	18,918	-	-	-
PORTUGAL	-	-	-	14,167	-	14,167
UK	-	-	-	1,257,091	-	1,257,091
ROMANIA	131,689	-	131,689	-	-	-
SLOVENIA	7,677	-	7,677	-	-	-
SPAIN	1,064,658	-	1,064,658	788,240	-801	787,439
SWEDEN	-	-	-	2,696	-	2,696
HUNGARY	37,261	-	37,261	-	-	-
JAPAN	-	-	-	69,900	-	69,900
America	345,915	-	345,915	2,296,873	349	2,297,222
Other countries	96,275	-	96,275	1,460,228	-	1,460,228
TOTALE	**53,219,371**	**-**	**53,219,371**	**16,854,093**	**-201**	**16,923,792**

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

They amount to €35,230,050 thousand (€31,216,186 thousand at 31 December 2015) and include assets held for trading (€708,753 thousand) and assets designated at fair value through profit or loss (€34,521,297 thousand).

Financial assets held for trading

Financial assets held for trading amount to €708,753 thousand (€846,407 thousand at 31 December 2015).

Changes in Level 3 financial assets held for trading are set out in the annex to the notes "Breakdown of changes to assets and liabilities of level 3, at fair value on a recurring basis".

The breakdown of the caption at 30 June 2016 is set out below:

thousands €

	30-06-2016				31-12-2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Debt securities	217,152	38,140	1,664	256,956	214,191	77,283	9,086	300,560
- Structured	3,540	8,685	1,664	13,889	1,542	35,421	9,086	46,049
- Other	213,612	29,455	-	243,067	212,649	41,862	-	254,511
Equity instruments	-	-	-	-	-	-	-	-
UCI shares	325,569	-	45,786	371,355	391,211	-	47,312	438,523
Derivatives	18,623	61,819	-	80,442	-	107,324	-	107,324
Total	**561,344**	**99,959**	**47,450**	**708,753**	**605,402**	**184,607**	**56,398**	**846,407**

Assets designated at fair value through profit or loss

Assets designated at fair value through profit or loss amount to €34,521,297 thousand (€30,369,779 thousand at 31 December 2015).

The breakdown of the caption at 30 June 2016 is set out below:

thousands €

	30-06-2016				31-12-2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Debt securities	2,768,518	492,676	48,714	3,309,908	2,547,136	879,824	44,133	3,471,093
- Structured	163,112	128,888	48,714	340,714	92,333	264,769	44,133	401,235
- Other	2,605,406	363,788	-	2,969,194	2,454,803	615,055	-	3,069,858
Equity instruments	596,616	-	-	596,616	530,336	-	-	530,336
UCI shares	29,760,568	-	19,268	29,779,836	25,681,301	-	19,249	25,700,550
Other financial investments	-	-	834,937	834,937	-	-	667,800	667,800
Derivatives	-	-	-	-	-	-	-	-
Total	**33,125,702**	**492,676**	**902,919**	**34,521,297**	**28,758,773**	**879,824**	**731,182**	**30,369,779**

Derivative instruments 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.

Changes in Level 3 assets designated at fair value through profit or loss are set out in the annex to the notes "Breakdown of changes to assets and liabilities of level 3, at fair value on a recurring basis".

The category also includes assets used to hedge contracts where the financial risk is borne by the policyholders, which amount to €33,627,061 thousand.

The annex to the notes "Breakdown of assets and liabilities related to policies where the investment risks is borne by the policyholders and to pension fund" shows a comparison with the Group's commitments vis-à-vis policyholders.

RECEIVABLES (caption 5)

They amount to €310,010 thousand (€320,162 thousand at 31 December 2015).

Other receivables include, in particular, receivables from the ultimate parent for payment of the IRES advance (€56,727 thousand), tax assets (€47,784 thousand), management commissions on unit-linked and index-linked policies (€57,324 thousand) and other receivables of €127,849 thousand, mainly consisting of hedges of the margins on derivatives agreed with Credit Suisse, Deutsche Bank and Morgan Stanley.

The following table sets out details of the caption at 30 June 2016:

thousands €

	30-06-2016	31-12-2015
Direct insurance receivables (caption 5.1)	**17,203**	**13,816**
Premiums due from policyholders	11,855	7,126
Receivables from insurance brokers	1,664	2,805
Co-insurance receivables	2,180	2,869
Other	1,504	1,016
Reinsurance receivables (caption 5.2)	**3,123**	**3,957**
Other receivables (voce 5.3)	**289,684**	**302,389**
Tax assets	47,784	58,986
Management commissions on unit-linked policies	57,324	59,462
Receivables from the ultimate parent for tax payments on account	56,727	156,703
Other receivables	127,849	27,238
Total	**310,010**	**320,162**

OTHER ASSETS (caption 6)

The caption amounts to €2,324,213 thousand (€1,923,696 thousand at 31 December 2015).

thousands €

	30-06-2016	31-12-2015
Non-current assets held for sale and disposal groups	-	-
Deferred acquisition costs	-	-
Deferred tax assets	201,590	193,520
Current tax assets	1,762,330	1,453,609
Other assets	360,293	276,567
Deferred commission expense on investment contracts	315,762	*243,279*
Other	*44,531*	*33,288*
Total	**2,324,213**	**1,923,696**

Deferred tax assets (caption 6.3)

This caption includes deferred tax assets through profit or loss of €201,590 thousand (€193,520 thousand at 31 December 2015).

thousands €

	30-06-2016	31-12-2015
Deferred tax assets through profit or loss	201,308	193,381
Deferred tax assets through equity	282	139
Total	**201,590**	**193,520**

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. The decreases include the "Tax rate reductions", which, in turn, comprise the adjustment of the IRES rate from 27.5% to 24% from 2017 (provided for by the 2016 Stability Law, Law no. 208/2015).

The deferred tax assets were calculated using the tax rate deemed reasonable considering when they will reverse.

Current tax assets (caption 6.4)

Current tax assets amount to €1,762,330 thousand (€1,453,609 thousand at 31 December 2015). 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 2016:

thousands €

	30-06-2016	31-12-2015
Direct taxes	41,794	72,257
Tax on mathematical provisions	1,720,536	1,381,352
Total	**1,762,330**	**1,453,609**

Other assets (caption 6.5)

Sundry assets amount to €360,293 thousand (€276,567 thousand at 31 December 2015). The caption mainly comprises deferred commission expense of €315,762 thousand associated with products of a financial nature without DPF, such as index-linked and unit-linked policies.

The following table sets out details of the caption at 30 June 2016:

thousands €

	30-06-2016	31-12-2015
Deferred commission expense on investment contracts	315,762	243,279
Other	44,531	33,288
Total	**360,293**	**276,567**

CASH AND CASH EQUIVALENTS (caption 7)

At 30 June 2016, cash and cash equivalents amount to €1,548,030 thousand (€3,003,162 thousand at 31 December 2015). The caption includes cash and cash equivalents and demand deposits, including treasury current accounts.

SHAREHOLDERS' 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 2016:

thousands €

	30-06-2016	31-12-2015
Share capital	320,423	320,423
Capital reserves	1,328,097	1,328,097
Revenue reserves and other reserves	2,302,451	1,689,868
Own shares	-	-
Reserve for currency translation differences	-	-
Reserve for unrealized gains and losses on assets available for sale	636,406	648,895
Other gains or losses recognised directly in equity	- 683	- 306
Profit for the year attributable to the Group	366,777	612,492
Total equity attributable to the Group	**4,953,471**	**4,599,469**

The change in equity mainly reflects the profit for the period, the income-related reserves and the other equity-related reserves and the variation in the fair value reserve.

Share capital (caption 1.1.1)

The parent's share capital amounts to €320,423 thousand, divided into 655,157,496 ordinary registered shares with no nominal amount.

Capital reserves (caption 1.1.3)

These reserves of €1,328,097 thousand (€1,328,097 thousand at 31 December 2015) include the parent's share premium reserve.

Revenue reserves 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 €2,302,451 thousand compared to €1,689,868 thousand at 31 December 2015.

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

Reserves for unrealized gains and losses on assets available for sales (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 2016:

thousands €

	30-06-2016			31-12-2015		
	Unrealized gains	Unrealized losses	Total	Unrealized gains	Unrealized losses	Total
Total gross of shadow accounting	7,797,370	-207,432	7,589,938	6,960,740	-283,459	6,677,281
- Debt securities	7,410,017	-38,421	7,371,596	6,575,276	-110,560	6,464,716
- Equity instruments	190,892	-66,070	124,822	214,019	-56,281	157,738
- UCI shares	196,461	-102,941	93,520	171,445	-116,618	54,827
Shadow accounting	-6,841,978	185,477	-6,656,501	-5,974,963	248,626	-5,726,337
Total gross of income taxes	955,392	-21,955	933,437	985,777	-34,833	950,944
Tax effects	-305,794	8,763	-297,031	-315,348	13,299	-302,049
Total	**649,598**	**-13,192**	**636,406**	**670,429**	**-21,534**	**648,895**

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

thousands €

	Debt securities	Equity instruments	UCI shares	30-06-2016	31-12-2015
Opening balance	**628,027**	**14,866**	**6,002**	**648,895**	**590,534**
Increases	**8,959**	**1,077**	**11,191**	**21,227**	**60,731**
Unrealized gains	117,231	4,683	13,054	134,968	117,003
Accruals	293	131	1,636	2,060	3,568
Other increases	-108,565	-3,737	-3,499	-115,801	-59,840
Decreases	**-18,679**	**-6,343**	**-8,694**	**-33,716**	**-2,370**
Unrealized losses	-15,750	-6,594	-10,063	-32,407	-64,834
Impairment losses	-30	-583	-111	-724	3,525
Utilisations	-38,169	-1,112	-1,356	-40,637	-95,417
Other decreases	35,270	1,946	2,836	40,052	154,356
Closing balance	**618,307**	**9,600**	**8,499**	**636,406**	**648,895**

OTHER PROVISIONS (caption 2)

The caption amounts to €9,690 thousand at 30 June 2016 (€13,922 thousand at 31 December 2015) and comprises other provisions of €9,673 thousand (€10,328 thousand at 31 December 2015). Other provisions mainly include accruals for future personnel expense and for product disputes. The remainder relates to accruals made for tax purposes. The other decreases principally consist of savings on expenses provided for in relation to Intesa Sanpaolo Vita's merger.

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

thousands €

	Tax provisions	Other provisions	30-06-2016	31-12-2015
Opening balance	**3,594**	**10,328**	**13,922**	**10,648**
Increases	**17**	**1,020**	**1,037**	**7,211**
- Additions	-	-	-	-
- Accruals	-	-	-	477
- Other increases	17	1,020	1,037	6,734
Decreases	**-3,594**	**-1,675**	**-5,269**	**-3,937**
- Utilisations	-3,594	-	-3,594	-
- Payments	-	-1,634	-1,634	-2,858
- Other decreases	-	-41	-41	-1,079
Rimanenze finali	**17**	**9,673**	**9,690**	**13,922**

INSURANCE PROVISIONS (caption 3)

The table below provides a breakdown of the caption at 30 June 2016:

thousands €

	Direct business	Indirect business	30-06-2016	31-12-2015
Non-life insurance provisions	**546,907**	**-**	**546,907**	**504,426**
Provision for unearned premiums	382,674	-	382,674	335,630
Provision for outstanding claims	163,394	-	163,394	167,926
Other insurance provisions	839	-	839	870
of which following the liability adequacy test	-	-	-	-
Life insurance provisions	**80,705,278**	**-**	**80,705,278**	**78,730,459**
Mathematical provisions	70,037,314	-	70,037,314	68,925,485
Provision for outstanding claims	324,602	-	324,602	381,281
Insurance provisions w here investment risk is borne by policyholders and provisions arising from pension fund management	3,618,668	-	3,618,668	3,652,463
Other insurance provisions	6,724,694	-	6,724,694	5,771,230
Total	**81,252,185**	**-**	**81,252,185**	**79,234,885**

The insurance provisions of the life business grew by 2.5%. 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 slight decrease in line with the financial markets' performance.

The Group performed the liability adequacy test (LAT) to check that the net provisions are sufficient to meet its commitments with policyholders. The financial assumptions about forecast return rates used for the calculation were based on the Group's in-depth analysis of its assets and liabilities. The related results are shown in the insurance provisions.

Insurance provisions and financial liabilities of the life business

Insurance provisions and financial liabilities amount to €110,657,180 thousand (€104,500,978 thousand at 31 December 2015). Contracts falling within the scope of IFRS 4, insurance contracts and investment contracts with DPF account for roughly 92% of the life portfolio (98% at 31 December 2015), while the investment contracts falling within the scope of IAS 39 account for about 8% (2% at 31 December 2015).

Non-life insurance provisions

In the non-life segment, the technical provisions increased on the previous year end (+8%). They mainly refer to the portfolio held by Intesa Sanpaolo Assicura.

FINANCIAL LIABILITIES (caption 4)

Financial liabilities amount to €31,618,108 thousand (€27,363,880 thousand at 31 December 2015). 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 and loss (caption 4.1)

They amount to €30,061,019 thousand (€25,913,726 thousand at 31 December 2015) and include financial liabilities held for trading and financial liabilities designated at fair value through profit or loss. The breakdown by level is shown in the annex to the notes "*Assets and liabilities at fair value on a recurring and non-recurring basis: breakdown by fair value levels*".

thousands €

	Level 1	Level 2	Level 3	30/06/2016
Financial liabilities held for trading	-	109,117	-	109,117
Financial liabilities designated at fair value trhough profit and loss	-	29,951,902	-	29,951,902
Total	**-**	**30,061,019**	**-**	**30,061,019**
	Level 1	Level 2	Level 3	31/12/2015
Financial liabilities held for trading	-	143,111	-	143,111
Financial liabilities designated at fair value trhough profit and loss	96	25,770,519	-	25,770,615
Total	**96**	**25,913,630**	**-**	**25,913,726**

Financial liabilities held for trading

They amount to €109,117 thousand at 30 June 2016 and include non-hedging derivatives with negative fair values (€143,111 thousand at 31 December 2015).

Financial liabilities designated at fair value through profit or loss

The caption of €29,951,902 thousand (€25,770,615 thousand at 31 December 2015) includes the financial liabilities associated with index-linked and unit-linked investment contracts which do not present a significant insurance risk and, therefore, do not fall within the scope of IFRS 4.

Since the fair value of the financial liabilities represented by index-linked and unit-linked product deposits is not tied to the creditworthiness of the issuing companies but rather to that of the hedging assets, reference is made to the section of the notes on the disclosure on risks for further information on this aspect.

Other financial liabilities (caption 4.2)

The caption includes subordinated liabilities, financial liabilities associated with investment contracts with eligible asset products, other financial liabilities and deposits from reinsurers. Other financial liabilities include sundry liabilities with policyholders of Intesa Sanpaolo Life.

The table below gives a breakdown of the caption:

thousands €

	30-06-2016	31-12-2015
Subordinated liabilities	1,345,261	1,313,499
Financial liabilities associated w ith policies w ith eligible assets	-	-
Other financial liabilities	205,470	130,324
Deposits received from reinsurers	6,358	6,331
Total	**1,557,089**	**1,450,154**

Subordinated liabilities

The caption comprises financial liabilities, recognised at amortised cost, pertaining to the parent, the creditors' repayment of which is subordinated to the settlement of the senior debt in the case of the Group's liquidation.

Subordinated liabilities, amounting to €1,345,261 thousand (€1,313,499 thousand at 31 December 2015) are broken down as follows:

The aforesaid loans do not provide for early repayment or provisions allowing their conversion into equity or into another type of liability.

PAYABLES (caption 5)

The following table sets out details of the caption at 30 June 2016:

thousands €

	30-06-2016	31-12-2015
Direct insurance liabilities	137,849	138,989
Reinsurance liabilities	2,931	1,598
Other liabilities	524,951	478,348
Total	**665,731**	**618,935**

The caption "Payables arising from direct insurance operations" of €137,849 thousand (€138,989 thousand at 31 December 2015) mainly includes commissions payable to distribution networks, as well as items to be settled deriving from co-insurance agreements.

"Other liabilities" include trade payables arising from direct and indirect insurance transactions of €235,395 thousand, investment management fees of €41,525 thousand and the IRES liabilities. The caption also comprises the liability for post-employment benefits.

Post-employment benefits

This caption showed the following changes during the period:

thousands €

	30-06-2016	31-12-2015
Opening balance	**2,886**	**3,145**
Increases	**388**	**403**
- New entities included in the consolidation scope	-	-
- Current service cost	361	366
- Transfers between group companies	-	-
- Interest cost	27	37
- Other increases	-	-
Decreases	**- 16**	**- 662**
- Benefits paid	-	-
- Current service cost	-	-
- Curtailments	-	-
- Other decreases	- 16	- 662
- Entities excluded from the consolidation scope	-	-
Closing balance	**3,258**	**2,886**

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 decreased during the period from €634,352 thousand to €630,656 thousand.

The following table sets out details of the caption at 30 June 2016:

thousands €

	30-06-2016	**31-12-2015**
Deferred tax liabilities through profit or loss	333,451	332,130
Deferred tax liabilities through equity	297,205	302,222
Total	**630,656**	**634,352**

Current tax liabilities (caption 6.3)

The caption, amounting to €378,955 thousand (€363,568 thousand at 31 December 2015), 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 €

	30-06-2016	31-12-2015
Deferred liabilities relating to investment contracts	1,211	1,704
Pension funds	528	353
Seniority bonuses	2,647	2,190
Deferred operating costs	-	-
Other liabilities	203,328	149,657
Total	**207,714**	**153,904**

The caption mainly includes liabilities relating to deferred commission income associated with 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 (€66 thousand, €468 thousand at 31 December 2015) and unit-linked policies (€1,145 thousand, €1,236 thousand at 31 December 2015).

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 €4,788,431 thousand, showing a decrease of 19% compared to the corresponding period of 2015 (€5,931,341 thousand).

thousands €

	30-06-2016			30-06-2015		
	Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount
Non-life gross earned premiums	153,221	- 4,622	148,599	122,097	- 3,908	118,189
Gross written premiums	*200,266*	*- 3,332*	*196,934*	*134,990*	*- 3,250*	*131,740*
Change inprovision ofr unearned premiu	*- 47,045*	*- 1,290*	*- 48,335*	*- 12,893*	*- 658*	*- 13,551*
Life gross w ritten premiums	4,640,322	- 490	4,639,832	5,813,647	- 495	5,813,152
Total	**4,793,543**	**- 5,112**	**4,788,431**	**5,935,744**	**- 4,403**	**5,931,341**

Commission income (caption 1.2)

Commissions refer to financial contracts which do not have a significant insurance risk and do not include DPF, 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 €

	30-06-2016	30-06-2015
Unit-linked financial products	235,263	176,800
Index-linked financial products	402	1,424
Other commission income	19,202	22,426
Total	**254,867**	**200,650**

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

This caption is a net loss of €70,290 thousand (net gain of €26,538 thousand for the corresponding period of 2015). It is broken down in the annex "Income and expenses from financial assets".
The larger net gains on financial instruments at fair value through profit or loss are due to the change in fair value observed on financial markets compared to the previous year which affected both instruments designated at fair value through profit or loss and investments held for trading.

Income from other financial instruments and lands and buildings (caption 1.5)

This caption amounts to €1,398,695 thousand (€1,547,897 thousand for the corresponding period of 2015). The decrease is substantially due to the smaller gains compared to the first six months of 2015.

A breakdown of the caption is given in the annex to the notes "Income and expenses from financial assets".

Other income (caption 1.6)

This item amounts to €135,809 thousand (€173,707 thousand for the corresponding period of 2015) and mainly consists of other technical income (€47,635 thousand), mostly relating to the management commissions for unit-linked products, and exchange rate gains on investments (€80,757 thousand).

COSTS

Net insurance benefits and claims (caption 2.1)

The caption amounts to €5,228,766 thousand (€6,707,286 thousand for the corresponding period of 2015) as follows:

thousands €

	30-06-2016			30-06-2015		
	Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount
Non-life net insurance benefits and claims	**-44,512**	**1,937**	**-42,575**	**-47,570**	**942**	**-46,628**
Claims paid	-50,008	2,286	-47,722	-56,964	4,168	-52,796
Change in provision for outstanding claims	4,531	-349	4,182	8,547	-3,226	5,321
Change in recoveries	934	-	934	845	-	845
Change in other insurance provisions	31	-	31	2	-	2
Life net insurance benefits and claims	**-5,185,199**	**-992**	**-5,186,191**	**-6,660,671**	**13**	**-6,660,658**
Claims paid	-4,121,916	142	-4,121,774	-4,929,405	148	-4,929,257
Change in provision for outstanding claims	56,679	-1,048	55,631	-29,338	-257	-29,595
Change in mathematical provisions	-1,130,456	-86	-1,130,542	-2,043,207	122	-2,043,085
Change in insurance provisions where investment risk is borne by policyholders and provisions arising from pension fund management	33,795	-	33,795	452,048	-	452,048
Change in other insurance provisions	-23,301	-	-23,301	-110,769	-	-110,769
Total	**-5,229,711**	**945**	**-5,228,766**	**-6,708,241**	**955**	**-6,707,286**

Fee and 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 €

	30-06-2016	30-06-2015
Commission expense for management and dealing services	744	715
Unit-linked financial products	154,721	119,749
Index-linked financial products	13,337	13,574
Retroceded commission income on unit-linked funds	2,557	1,090
Other commission expense	592	274
Total	**171,951**	**135,402**

Expenses from other financial instruments and lands and buildings (caption 2.4)

The caption amounts to €100,250 thousand (€122,677 thousand for the corresponding period of 2015).

Its breakdown is provided in the annex to the notes "Income and expenses from financial assets". The caption mainly consists of realised losses of €13,154 thousand on available-for-sale investments, fair value losses of €50,231 thousand and interest expense of €36,864 thousand.

Operating expenses (caption 2.5)

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

thousands €

	30-06-2016	30-06-2015
Gross commissions and other acquisition costs	**175,488**	**153,738**
Acquisition commissions	134,029	99,339
Other acquisition costs	16,944	17,167
Change in deferred acquisition costs	- 7	41
Premium collection commissions	24,522	37,191
Profit participation and other commissions received from reinsurers	**- 382**	**- 414**
Investment management costs	**28,213**	**28,180**
Other administrative costs	**23,500**	**22,222**
Total	**226,819**	**203,726**

The investment management costs mainly consist of costs of financial instruments (€8,774 thousand) and investment management commissions and custody expenses (€19,406 thousand).

The change in other administrative costs is due to the rise in personnel expense, partly offset by the reduction in operating costs and operating and organisational developments of the parent.

Other expenses (caption 2.6)

This caption, equal to €246,101 thousand (€176,146 thousand for the corresponding period of 2015), includes, inter alia, the net accruals to the provisions for risks and charges (€420 thousand), depreciation, amortisation and impairment losses on property, plant and equipment and intangible assets (€104 thousand), exchange rate losses (€32,825 thousand) and other technical costs (€196,248 thousand). The latter amount mostly consists of retention commissions paid 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 €

	30-06-2016	30-06-2015
Current taxes	178,751	109,774
Change in current taxes of previous years	-	-
Change in deferred tax assets	-3,504	2,529
Change in deferred tax liabilities	-8,399	43,725
Total	**166,848**	**156,028**

PART E - RELATED PARTIES

The group companies have performed transactions with companies of 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	Controlled entities by significant influence	Entities controlled by the ultimate parent	Total	Ultimate parent	Other Group entities
Loans and receivables	-	-	-	-	-	-
Available-for-sale financial assets	3,818,174	-	50,061	3,868,235	3,818,174	50,061
Financial assets at fair value through profit	436,090	-	97,010	533,100	436,090	97,010
Other receivables	57,344	-	9,344	66,688	57,344	9,344
Other assets	732,677	-	78,032	810,709	732,677	78,032
Cash and cash equivalents	1,268,011	-	27,263	1,295,274	1,268,011	27,263
ASSETS	**6,312,296**	**0**	**261,710**	**6,574,006**	**6,312,296**	**261,710**
Insurance provisions	0	-	-	0	0	-
Financial liabilities	732,658	-	0	732,658	732,658	0
Unrealized gains and losses equity reserve	46,537	-	24,239	70,776	46,537	24,239
Liabilities	248,439	-	23	248,462	248,439	23
Other liabilities	231,524	-	95,070	326,594	231,524	95,070
LIABILITIES	**1,259,158**	**0**	**119,332**	**58,555**	**1,259,158**	**119,332**
Net earned premiums	1,289,950	-	147,095	1,437,045	1,289,950	147,095
Fee and commission income	-	-	0	-	-	0
Gains on investments	0	-	0	-	0	0
Net gains on available-for-sale financial as	0	-	2,618	2,618	0	2,618
Other income	3,880	-	-35,533	- 31,653	3,880	-35,533
Net insurance benefits and claims	57,083	-	905	57,988	57,083	905
Fee and commission expense	8,480	-	11,104	19,584	8,480	11,104
Commissions and other acquisition costs	-6,317	-	-919	- 7,236	-6,317	-919
Investment management costs	-60,101	-	-57,315	- 117,416	-60,101	-57,315
Other administrative costs	-87,571	-	-60,133	- 147,704	-87,571	-60,133
Other costs	0	-	-14,140	- 14,140	0	-14,140
INCOME STATEMENT	**1,205,404**	**-**	**-6,318**	**-4,015**	**1,205,404**	**-6,318**

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 insurance products;
- 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 Intesa Sanpaolo Group.

ANNEXES TO THE NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **Reporting period: 2016**

Statement of financial position by segment

value in €

		Non-life segment		Life segment		Consolidation adjustements		Total	
		Total 30-06-2016	Total 31-12-2015	Total 30-06-2016	Total 31-12-2015	Total 30-06-2016	Total 31-12-2015	Total 30-06-2016	Total 31-12-2015
1	**INTANGIBLE ASSETS**	**14,000**	**28,000**	**635,432,000**	**635,518,000**	**-**	**-**	**635,446,000**	**635,546,000**
2	**TANGIBLE ASSETS**	**48,000**	**60,000**	**4,395,000**	**1,466,000**	**-**	**-**	**4,443,000**	**1,526,000**
3	**AMOUNT CEDED TO REINSURERS FROM INSURANCE PROVISIONS**	**18,750,000**	**20,391,000**	**857,000**	**1,992,000**	**-**	**-**	**19,607,000**	**22,383,000**
4	**INVESTMENTS**	**728,460,000**	**625,876,000**	**114,230,164,000**	**106,534,427,000**	**-83,863,000**	**-83,863,000**	**114,874,761,000**	**107,076,440,000**
4.1	Lands and buildings (investment properties)	-	-	19,166,000	19,249,000	-	-	19,166,000	19,249,000
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	-	-	16,478,000	572,878,000	-	-	16,478,000	572,878,000
4.5	Financial assets available for sale	719,545,000	617,118,000	78,889,522,000	74,651,009,000	-	-	79,609,067,000	75,268,127,000
4.6	Financial assets at fair value through profit and loss	8,915,000	8,758,000	35,221,135,000	31,207,428,000	-	-	35,230,050,000	31,216,186,000
5	**RECEIVABLES**	***26,368,000***	***19,722,000***	***285,932,000***	***300,919,000***	***-2,290,000***	***-479,000***	***310,010,000***	***320,162,000***
6	**OTHER ASSETS**	**25,762,000**	**23,922,000**	**2,298,451,000**	**1,899,774,000**	**-**	**-**	**2,324,213,000**	**1,923,696,000**
6.1	Deferred acquisition costs	-	-	-	-	-	-	-	-
6.2	Other assets	25,762,000	23,922,000	2,298,451,000	1,899,774,000	-	-	2,324,213,000	1,923,696,000
7	**CASH AND CASH EQUIVALENTS**	**63,645,000**	**97,637,000**	**1,484,385,000**	**2,905,525,000**	**-**	**-**	**1,548,030,000**	**3,003,162,000**
	TOTAL ASSETS	**863,047,000**	**787,636,000**	**118,939,616,000**	**112,279,621,000**	**-86,153,000**	**-84,342,000**	**119,716,510,000**	**112,982,915,000**
1	**SHAREHOLDERS' EQUITY**							**4,953,471,000**	**4,599,469,000**
2	**OTHER PROVISIONS**	**5,000**	**46,000**	**9,685,000**	**13,876,000**	**-**	**-**	**9,690,000**	**13,922,000**
3	**INSURANCE PROVISIONS**	**546,907,000**	**504,426,000**	**80,705,278,000**	**78,730,459,000**	**-**	**-**	**81,252,185,000**	**79,234,885,000**
4	**FINANCIAL LIABILITIES**	**7,362,000**	**7,336,000**	**31,610,746,000**	**27,356,544,000**	**-**	**-**	**31,618,108,000**	**27,363,880,000**
4.1	Financial liabilities at fair value through profit or loss	-	-	30,061,019,000	25,913,726,000	-	-	30,061,019,000	25,913,726,000
4.2	Other financial liabilities	7,362,000	7,336,000	1,549,727,000	1,442,818,000	-	-	1,557,089,000	1,450,154,000
5	**PAYABLES**	**50,282,000**	**39,851,000**	**618,047,000**	**579,595,000**	**-2,598,000**	**-511,000**	**665,731,000**	**618,935,000**
6	**OTHER LIABILITIES**	**20,550,000**	**18,828,000**	**1,196,775,000**	**1,132,996,000**	**-**	**-**	**1,217,325,000**	**1,151,824,000**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES							**119,716,510,000**	**112,982,915,000**

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **Reporting period: 2016**

Income statement by segment

value in €

		Non-life segment		Life segment		Consolidation adjustements		Total	
		Total 30-06-2016	**Total 30-06-2015**	**Total 30-06-2016**	**Total 30-06-2015**	**Total 30-06-2016**	**Total 30-06-2015**	**Total 30-06-2016**	**Total 30-06-2015**
1.1	Net earned premiums	148,599,000	118,189,000	4,639,832,000	5,813,152,000	-	-	4,788,431,000	5,931,341,000
1.1.1	*Gross earned premiums*	*153,221,000*	*122,097,000*	*4,640,322,000*	*5,813,647,000*	-	-	*4,793,543,000*	*5,935,744,000*
1.1.2	*Earned premiums ceded*	*-4,622,000*	*-3,908,000*	*-490,000*	*-495,000*	-	-	*-5,112,000*	*-4,403,000*
1.2	Commission income	-	-	254,867,000	200,650,000	-	-	254,867,000	200,650,000
1.3	Gains (losses) on financial instruments at fair value through profit and loss	180,000	385,000	-70,470,000	26,153,000	-	-	-70,290,000	26,538,000
1.4	Income from investments in subsidiaries, associates and joint ventures	-	-	-	-	-	-	-	-
1.5	Income from other financial instruments and lands and buildings	20,672,000	23,080,000	1,378,023,000	1,524,817,000	-	-	1,398,695,000	1,547,897,000
1.6	Other income	11,863,000	8,834,000	127,259,000	165,770,000	-3,313,000	-897,000	135,809,000	173,707,000
1	**TOTAL INCOME**	**181,314,000**	**150,488,000**	**6,329,511,000**	**7,730,542,000**	**-3,313,000**	**-897,000**	**6,507,512,000**	**7,880,133,000**
2.1	Net insurance benefits and claims	-42,575,000	-46,628,000	-5,186,191,000	-6,660,658,000	-	-	-5,228,766,000	-6,707,286,000
2.1.2	*Claims paid and change in insurance provisions*	*-44,512,000*	*-47,570,000*	*-5,185,199,000*	*-6,660,671,000*	-	-	*-5,229,711,000*	*-6,708,241,000*
2.1.3	*Reinsurers' share*	*1,937,000*	*942,000*	*-992,000*	*13,000*	-	-	*945,000*	*955,000*
2.2	Fee and commission expense	-	-	-171,951,000	-135,402,000	-	-	-171,951,000	-135,402,000
2.3	Expenses from investments in subsidiaries, associates and joint ventures	-	-	-	-3,000	-	-	-	-3,000
2.4	Expenses from other financial instruments and lands and buildings	-2,055,000	-573,000	-98,195,000	-122,104,000	-	-	-100,250,000	-122,677,000
2.5	Operating expenses	-63,936,000	-44,635,000	-166,475,000	-160,196,000	3,592,000	1,105,000	-226,819,000	-203,726,000
2.6	Other expenses	-31,547,000	-26,242,000	-214,110,000	-149,765,000	-444,000	-139,000	-246,101,000	-176,146,000
2	**TOTAL EXPENSES**	**-140,113,000**	**-118,078,000**	**-5,836,922,000**	**-7,228,128,000**	**3,148,000**	**966,000**	**-5,973,887,000**	**-7,345,240,000**
	PROFIT (LOSS) BEFORE TAXES FOR THE PERIOD	**41,201,000**	**32,410,000**	**492,589,000**	**502,414,000**	**-165,000**	**69,000**	**533,625,000**	**534,893,000**

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **Reporting period: 2016**

Consolidation area

Company	Country of registered office	Country of operating office (5)	Method (1)	Activity (2)	Shareholding Direct %	% Total stake (3)	% Available voting rights at ordinary shareholders' meeting (4)	% of consolidation
INTESA SANPAOLO VITA S.p.A.	086		G	1	0.00%	0.00%		100.00%
INTESA SANPAOLO LIFE LTD	040		G	2	100.00%	100.00%		100.00%
EURIZONVITA BEIJING BUSINESS ADVISORY CO	016		G	11	100.00%	100.00%		100.00%
INTESA SANPAOLO ASSICURA S.p.A.	086		G	1	100.00%	100.00%		100.00%
INTESA SANPAOLO SMART CARE S.r.l.	086		G	11	100.00%	100.00%		100.00%

(1) Consolidation method: Line-by-line =L, Proportionate =P, Line-by-line by common control =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
(4) total voting rights percentage available in ordinary meetings if different from the direct or indirect investment percentage.

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **Reporting period: 2016**

Consolidation scope: equity investments in companies with significant non-controlling interests

					Financial higlights							
Name	Non-controlling interests investment %	Voting rights % available at ordinary share/quotaholders' meetings to non-controlling interests	Profit (loss) for the year attributable to non-controlling interests	Equity attributable to non-controlling interests	Total assets	Investments	Technical provisions	Financial liabilities	Equity	Profit (loss) for the year	Dividends distributed to third parties	Gross premiums

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **Reporting period: 2016**

Non-consolidated equity investments

Name	Country of registered office	Country of operating office (5)	Business (1)	Type (2)	Direct investment %	Total investment % (3)	Voting rights % available at ordinary share/quotaholders' meetings (4)	Carrying amount

(1) 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
(2) a=subsidiary (IAS 27) ; b=associate (IAS 28); c=joint venture (IAS 31); indicate with an asterisk (*) investments classified as held for sale pursuant to IFRS 5 and show the key at the foot of the table
(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.

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **Reporting period: 2016**

Interests in non-consolidated structured entities

value in €

Name	Revenue received from the structured entity during the year	Carrying amount (at the transfer date) of the assets transferred to the structured entity during the year	Carrying amount of the assets recognised by the reporting entity related to the structured entity	Matching statement of financial position asset caption	Carrying amount of liabilities recognised by the reporting entity related to the structured entity	Matching statement of financial position liability caption	Maximum exposure to risk of losses
CLOVERIE 2005-72 0 12/01/25	132,365	-	20,791,190	A 4.6	-	-	20,791,190
FIPF 1 A2 (FIPF 1 A2)	7,620	-	1,540,062	A 4.5	-	-	1,385,785
E-MAC NL05-3 A (E-MAC NL05-3 A)	1,923	-	4,892,254	A 4.5	-	-	4,757,832
AVONDALE SECURITIES S.A. A2 EON 2(	17,282	-	1,178,776	A 4.4	-	-	1,178,776

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **Reporting period: 2016**

Breakdown of tangible and intangible assets

value in €

	Cost	Deemed cost or fair value	Book value
Lands and buildings (investment properties)	19,166,000		19,166,000
Lands and buildings (self used)	0		0
Other tangible assets	4,443,000		4,443,000
Other intangible assets	866,000		866,000

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **Reporting period: 2016**

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			
	30-06-2016	31-12-2015	30-06-2016	31-12-2015	30-06-2016	31-12-2015	30-06-2016	31-12-2015	30-06-2016	31-12-2015	30-06-2016	31-12-2015
Equity securities and derivatives measured at cost	-	-	-	-	52,000	52,000	-	-	-	-	52,000	52,000
Equity securities at fair value	-	-	-	-	1,417,501,000	1,322,137,000	-	-	596,616,000	530,336,000	2,014,117,000	1,852,473,000
of which listed securities	-	-	-	-	*1,417,501,000*	*1,322,136,000*	-	-	*596,616,000*	*530,336,000*	*2,014,117,000*	*1,852,472,000*
Debt securities	-	-	-	-	70,143,163,000	67,007,064,000	256,956,000	300,560,000	3,309,908,000	3,471,093,000	73,710,027,000	70,778,717,000
of which listed securities	-	-	-	-	*70,102,938,000*	*66,962,967,000*	*255,292,000*	*291,474,000*	*3,261,194,000*	*3,426,960,000*	*73,619,424,000*	*70,681,401,000*
UCI shares	-	-	-	-	8,048,351,000	6,938,874,000	371,355,000	438,523,000	29,779,836,000	25,700,550,000	38,199,542,000	33,077,947,000
Loans and receivables from banking customers	-	-	16,179,000	16,179,000	-	-	-	-	-	-	16,179,000	16,179,000
Interbank loans and receivables	-	-	-	556,374,000	-	-	-	-	-	-	-	556,374,000
Deposits under reinsurance business	-	-	-	-	-	-	-	-	-	-	-	-
Financial asset components of insurance contracts	-	-	-	-	-	-	-	-	-	-	-	-
Other loans and receivables	-	-	299,000	325,000	-	-	-	-	-	-	299,000	325,000
Non-hedging derivatives	-	-	-	-	-	-	80,442,000	107,324,000	-	-	80,442,000	107,324,000
Hedging derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Other financial investments	-	-	-	-	-	-	-	-	834,937,000	667,800,000	834,937,000	667,800,000
Total	**-**	**-**	**16,478,000**	**572,878,000**	**79,609,067,000**	**75,268,127,000**	**708,753,000**	**846,407,000**	**34,521,297,000**	**30,369,779,000**	**114,855,595,000**	**107,057,191,000**

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **Reporting period: 2016**

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 to pension funds		Total	
	30-06-2016	31-12-2015	30-06-2016	31-12-2015	30-06-2016	31-12-2015
Assets in the balance sheet	30,568,492,000	26,479,952,000	3,058,569,000	2,993,867,000	33,627,061,000	29,473,819,000
Intercompany assets *	-	-	-	-	-	-
Total Assets	**30,568,492,000**	**26,479,952,000**	**3,058,569,000**	**2,993,867,000**	**33,627,061,000**	**29,473,819,000**
Financial liabilities in the balance sheet	29,951,902,000	25,770,615,000	-	-	29,951,902,000	25,770,615,000
Insurance provisions in the balance sheet	560,099,000	658,596,000	3,058,569,000	2,993,867,000	3,618,668,000	3,652,463,000
Intercompany liabilities *	-	-	-	-	-	-
Total Liabilities	**30,512,001,000**	**26,429,211,000**	**3,058,569,000**	**2,993,867,000**	**33,570,570,000**	**29,423,078,000**

* Assets and liabilities adjusted in the consolidation process

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **Reporting period: 2016**

Breakdown of amount ceded to reinsurers from insurance provisions

value in €

	Total (book value)	
	30-06-2016	31-12-2015
Non-life insurance provisions	**18,750,000**	**20,391,000**
Life insurance provisions	**857,000**	**1,992,000**
Provisions for outstanding claims	609,000	1,657,000
Mathematical provisions	248,000	335,000
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension fund	-	-
Other insurance provisions	-	-
Total amount ceded to reinsurers from insurance provisions	**19,607,000**	**22,383,000**

HALF YEAR REPORT

Impresa: INTESA SANPAOLO VITA S.p.A. **Reporting period: 2016**

Breakdown of insurance provisions

value in €

	Total (book value)	
	30-06-2016	31-12-2015
Non-life insurance provisions	**546,907,000**	**504,426,000**
Provision for unearned premiums	382,674,000	335,630,000
Provisions for outstanding claims	163,394,000	167,926,000
Other insurance provisions	839,000	870,000
- of which reserves posted following liability adequacy test	-	-
Life insurance provisions	**80,705,278,000**	**78,730,459,000**
Provisions for outstanding claims	324,602,000	381,281,000
Mathematical provisions	70,037,314,000	68,925,485,000
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension fund	3,618,668,000	3,652,463,000
Other insurance provisions	6,724,694,000	5,771,230,000
- of which reserves posted following liability adequacy test	-	-
- of which deferred liabilities due to policyholders	*6,606,062,000*	*5,655,885,000*
Total insurance provisions	**81,252,185,000**	**79,234,885,000**

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **Reporting period: 2016**

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					
	30-06-2016	31-12-2015	30-06-2016	31-12-2015	30-06-2016	31-12-2015	30-06-2016	31-12-2015
Financial equity instruments	0	0	0	0	0	0	0	0
Subordinated liabilities	0	0	0	0	1,345,261,000	1,313,499,000	1,345,261,000	1,313,499,000
Liabilities related to investment contracts from:	0	0	29,951,902,000	25,770,519,000	0	0	29,951,902,000	25,770,519,000
policies where the investment risk is borne by the policyholders	*0*	*0*	*29,951,902,000*	*25,770,519,000*	*0*	*0*	*29,951,902,000*	*25,770,519,000*
pension funds	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
other contracts	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Deposits under reinsurance business	0	0	0	0	6,358,000	6,331,000	6,358,000	6,331,000
Financial liability components of insurance contracts	0	0	0	0	205,470,000	130,298,000	205,470,000	130,298,000
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	109,117,000	143,111,000	0	0	0	0	109,117,000	143,111,000
Hedging derivatives	0	0	0	96,000	0	0	0	96,000
Other financial liabilities	0	0	0	0	0	26,000	0	26,000
Total	**109,117,000**	**143,111,000**	**29,951,902,000**	**25,770,615,000**	**1,557,089,000**	**1,450,154,000**	**31,618,108,000**	**27,363,880,000**

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **Reporting period: 2016**

Breakdown of technical insurance items

value in €

		30-06-2016	30-06-2015
		Net Amount	**Net Amount**
Non-life segment			
NET EARNED PREMIUMS		**148,599,000**	**118,189,000**
a	Gross written premiums	196,934,000	131,740,000
b	Change in the provision for unearned premiums	-48,335,000	-13,551,000
NET INSURANCE BENEFITS AND CLAIMS		**-42,575,000**	**-46,628,000**
a	Claims paid	-47,722,000	-52,796,000
b	Change in the provisions for outstanding claims	4,182,000	5,321,000
c	Change in claims to be recovered	934,000	845,000
d	Changes in other insurance provisions	31,000	2,000
Life segment			
NET EARNED PREMIUMS		**4,639,832,000**	**5,813,152,000**
NET INSURANCE BENEFITS AND CLAIMS		**-5,186,191,000**	**-6,660,658,000**
a	Claims paid	-4,121,774,000	-4,929,257,000
b	Change in the provisions for outstanding claims	55,631,000	-29,595,000
c	Change in mathematical provisions	-1,130,542,000	-2,043,085,000
d	Change in the povisions for policies where the investment risk is borne by the policyholders and provisions for pension fund	33,795,000	452,048,000
e	Changes in other insurance provisions	-23,301,000	-110,769,000

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **Reporting period: 2016**

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 30-06-2016	Total income and expenses 30-06-2015
Result of investments		**968,051,000**	**140,520,000**	**-235,110,000**	**629,287,000**	**-229,424,000**	**1,273,324,000**	**581,997,000**	**0**	**-643,847,000**	**-50,231,000**	**-112,081,000**	**1,161,243,000**	**2,007,363,000**
a	From land and buildings (investment properties)	0	786,000	0	0	0	786,000	0	0	0	-83,000	-83,000	703,000	703,000
b	From investments in subsidiaries, associates and joint ventures	0	0	0	0	0	0	0	0	0	0	0	0	-3,000
c	From investments held to maturity	0	0	0	0	0	0	0	0	0	0	0	0	0
d	From loans and receivables	402,000	0	0	10,257,000	-1,404,000	9,255,000	0	0	0	0	0	9,255,000	1,015,000
e	From available for sale financial assets	920,408,000	98,592,000	-1,000	367,595,000	-11,750,000	1,374,844,000	0	0	0	-50,148,000	-50,148,000	1,324,696,000	1,455,498,000
f	From financial assets held for trading	15,761,000	0	-3,519,000	13,337,000	-13,609,000	11,970,000	11,821,000	0	-38,617,000	0	-26,796,000	-14,826,000	30,321,000
g	From financial assets designated at fair value through profit and loss	31,480,000	41,142,000	-231,590,000	238,098,000	-202,661,000	-123,531,000	570,176,000	0	-605,230,000	0	-35,054,000	-158,585,000	519,829,000
Result of receivables		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Result of cash and cash		**655,000**	**0**	**0**	**0**	**0**	**655,000**	**0**	**0**	**0**	**0**	**0**	**655,000**	**990,000**
Result of financial liabilities		**-43,749,000**	**0**	**-49,000**	**49,275,000**	**-73,286,000**	**-67,809,000**	**182,790,000**	**0**	**-48,724,000**	**0**	**134,066,000**	**66,257,000**	**-556,598,000**
a	From financial liabilities held for trading	-6,885,000	0	-49,000	49,275,000	-73,286,000	-30,945,000	13,035,000	0	-46,582,000	0	-33,547,000	-64,492,000	-81,044,000
b	From financial liabilities designated at fair value through income statement	0	0	0	0	0	0	169,755,000	0	-2,142,000	0	167,613,000	167,613,000	-442,568,000
c	From other financial liabilities	-36,864,000	0	0	0	0	-36,864,000	0	0	0	0	0	-36,864,000	-32,986,000
Result of payables		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total		**924,957,000**	**140,520,000**	**-235,159,000**	**678,562,000**	**-302,710,000**	**1,206,170,000**	**764,787,000**	**0**	**-692,571,000**	**-50,231,000**	**21,985,000**	**1,228,155,000**	**1,451,755,000**

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **Reporting period: 2016**

Breakdown of insurance expenses

value in €

		Non-life segment 30-06-2016	Non-life segment 30-06-2015	Life segment 30-06-2016	Life segment 30-06-2015
Gross commissions and other acquisition costs		-54,676,000	-35,882,000	-120,812,000	-117,856,000
a	Acquisition commissions	-49,879,000	-30,743,000	-84,150,000	-68,596,000
b	Other acquisition expenses	-4,468,000	-4,708,000	-12,476,000	-12,459,000
c	Change in deferred acquisition costs	7,000	-41,000	0	0
d	Collection commissions	-336,000	-390,000	-24,186,000	-36,801,000
Commissions and profit sharing from reinsurers		382,000	374,000	0	40,000
Investment management expenses		-245,000	-219,000	-27,968,000	-27,961,000
Other administrative expenses		-9,397,000	-8,908,000	-17,695,000	-14,419,000
Total		**-63,936,000**	**-44,635,000**	**-166,475,000**	**-160,196,000**

HALF YEAR REPORT

Impresa: INTESA SANPAOLO VITA S.p.A. **Reporting period: 2016**

Dettaglio delle altre componenti del conto economico complessivo

value in €

	Allocations		Reclassification adjustments to income statement		Other changes		Total changes		Taxes		Balance	
	Total 30-06-2016	Total 30-06-2015	Total 30-06-2016	Total 30-06-2015	Total 30-06-2016	Total 30-06-2015	Total 30-06-2016	Total 30-06-2015	Total 30-06-2016	Total 30-06-2015	al 30-06-2015	al 31-12-2014
Other comprehensive income after taxes without reclassification in the income statement	**-377,000**	**334,000**	**-**	**-**	**-**	**-**	**-377,000**	**334,000**	**-**	**-**	**-683,000**	**-306,000**
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	-377,000	334,000	-	-	-	-	-377,000	334,000	-	-	-683,000	-306,000
Other items	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income after taxes with reclassification in the income statement	**-**	**-**	**-39,301,000**	**-82,725,000**	**26,812,000**	**-40,370,047**	**-12,489,000**	**-123,095,047**	**-**	**-**	**636,406,000**	**648,895,000**
Foreign currency translation differences	-	-	-	-	-	-40,047	-	-40,047	-	-	-	-
Net unrealized gains (losses) on available for sale financial assets	-	-	-39,301,000	-82,725,000	26,812,000	-40,330,000	-12,489,000	-123,055,000	-	-	636,406,000	648,895,000
Net unrealized gains (losses) on cash flow hedging derivatives	-	-	-	-	-	-	-	-	-	-	-	-
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	**-377,000**	**334,000**	**-39,301,000**	**-82,725,000**	**26,812,000**	**-40,370,047**	**-12,866,000**	**-122,761,047**	**-**	**-**	**635,723,000**	**648,589,000**

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **Reporting period: 2016**

Breakdown of reclassified financial assets and effects on profit or loss and comprehensive income

value in €

Reclassified financial asset categories		Type of asset	Amount of assets reclassified in the year at the reclassification date	Carrying amount at 30/06/2015 of the reclassified assets		Fair value at 30/06/2015 of the reclassified assets		Assets reclassified in 2015		Assets reclassified up to 2015		Assets reclassified in 2015		Assets reclassified up to 2015	
out of	into			Assets reclassified in 2015	Assets reclassified up to 2015	Assets reclassified in 2015	Assets reclassified up to 2015	Gain or loss recognised in profit or loss	Gain or loss recognised in other comprehensive income	Gain or loss recognised in profit or loss	Gain or loss recognised in other comprehensive income	Gain or loss that would have been recognised in profit or loss if the reclassification had not been made	Gain or loss that would have been recognised in other comprehensive income if the reclassification had not been made	Gain or loss that would have been recognised in profit or loss if the reclassification had not been made	Gain or loss that would have been recognised in other comprehensive income if the reclassification had not been made
Total			0	0	0	0	0	0	0	0	0	0	0	0	0

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **Reporting period: 2016**

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	
		30-06-2016	31-12-2015	30-06-2016	31-12-2015	30-06-2016	31-12-2015	30-06-2016	31-12-2015
Assets and liabilities at fair value on a recurring basis									
Financial assets available for sale		77,394,349,000	72,599,611,000	1,652,284,000	2,191,940,000	562,434,000	476,576,000	79,609,067,000	75,268,127,000
Financial assets at fair value through profit and loss	Financial assets held for trading	561,344,000	605,402,000	99,959,000	184,607,000	47,450,000	56,398,000	708,753,000	846,407,000
	Financial assets designated at fair value through profit and loss	33,125,702,000	28,758,773,000	492,676,000	879,824,000	902,919,000	731,182,000	34,521,297,000	30,369,779,000
Lands 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		**111,081,395,000**	**101,963,786,000**	**2,244,919,000**	**3,256,371,000**	**1,512,803,000**	**1,264,156,000**	**114,839,117,000**	**106,484,313,000**
Financial liabilities at fair value through profit and loss	Financial liabilities held for trading	0	0	109,117,000	143,111,000	0	0	109,117,000	143,111,000
	Financial liabilities designate at fair value through profit and loss	0	96,000	29,951,902,000	25,770,519,000	0	0	29,951,902,000	25,770,615,000
Total liabilities at fair value on a recurring basis		**0**	**96,000**	**30,061,019,000**	**25,913,630,000**	**0**	**0**	**30,061,019,000**	**25,913,726,000**
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

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **Reporting period: 2016**

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: Financial assets held for trading	Financial assets at fair value through profit and loss: Financial assets designated 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 liabilities held for trading	Financial liabilities at fair value through profit and loss: Financial liabilities designated at fair value through profit and loss
Initial amount	**476,576,000**	**56,398,000**	**731,182,000**	**0**	**0**	**0**	**0**	**0**
Purchases/Issues	98,534,000	0	53,796,000	0	0	0	0	0
Sales/Repurchases	-5,229,000	0	0	0	0	0	0	0
Refunds	-51,000	-7,364,000	-20,287,000	0	0	0	0	0
Profit (loss) in income statement	52,000	-1,692,000	-3,885,000	0	0	0	0	0
- of which unrealized gains/losses	*0*	*-1,703,000*	*-3,882,000*	*0*	*0*	*0*	*0*	*0*
Profit (loss) in other components of comprehensive income statement	-8,819,000	0	0	0	0	0	0	0
Transfers to level 3	3,867,000	0	36,069,000	0	0	0	0	0
Transfers to other levels	-3,853,000	0		0	0	0	0	0
Other changes	1,357,000	108,000	106,044,000	0	0	0	0	0
Final amount	**562,434,000**	**47,450,000**	**902,919,000**	**0**	**0**	**0**	**0**	**0**

HALF YEAR REPORT

Company: INTESA SANPAOLO VITA S.p.A. **Reporting period: 2016**

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

value in €

	Book value		Fair value: Level 1		Fair value: Level 2		Fair value: Level 3		Fair value: Total	
	30-06-2016	31-12-2015	30-06-2016	31-12-2015	30-06-2016	31-12-2015	30-06-2016	31-12-2015	30-06-2016	31-12-2015
Assets										
Financial assets held to maturity	-	-	-	-	-	-	-	-	-	-
Loans and receivables	16,478,000	572,878,000	-	-	4,799,000	556,699,000	16,179,000	16,179,000	20,978,000	572,878,000
Investments in subsidiaries, associates and joint ventures	-	-	-	-	-	-	-	-	-	-
Land and buildings (investment properties)	19,166,000	19,249,000	-	-	-	-	19,166,000	24,990,000	19,166,000	24,990,000
Tangible assets	4,443,000	1,526,000	-	-	-	-	4,443,000	1,526,000	4,443,000	1,526,000
Total Assets	**40,087,000**	**593,653,000**	**-**	**-**	**4,799,000**	**556,699,000**	**39,788,000**	**42,695,000**	**44,587,000**	**599,394,000**
Liabilities										
Other financial liabilities	1,557,089,000	1,450,154,000	-	-	1,550,731,000	1,325,722,000	-	-	1,550,731,000	1,325,722,000

The parent's legal representatives (*)

The Chairman – Luigi Maranzana……………………………………………………………………………………………………(**)

(signed on the original)

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on review of interim consolidated financial statements

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

Introduction

We have reviewed the accompanying interim consolidated financial statements of the Intesa Sanpaolo Vita Group, comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto, as at and for the six months ended 30 June 2016. The parent's directors are responsible for the preparation of these interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these 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 interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, 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 on the interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements of the Intesa Sanpaolo Vita Group as at and for the six months ended 30 June 2016 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Basis of preparation

As described in the notes, the interim consolidated financial statements have been prepared in accordance with the provisions of ISVAP (the Italian Insurance Regulator) Regulation no. 7 of 13 July 2007.

Milan, 3 August 2016

KPMG S.p.A.

(signed on the original)

Maurizio Guzzi
Director of Audit