



CREDEMVITA

FINANCIAL STATEMENTS
2017 HALF-YEAR

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Company: **CREDEMVITA**

Subscribed share capital € 71.600.160 Paid up € 71.600.160

Registered office in _____

HALF-YEARLY REPORT
AS AT 2017

(Figures in €thousand)

INCOME

	As at 30 June of the present year	As at 30 June of the previous year	As at 31 December of the previous year
I. NON-LIFE TECHNICAL ACCOUNT			
1. Premiums, net of reinsurance transfers	1	57	113
2. (+) Share of profit from investments transferred from the non-technical account (item III. 6)	2	58	114
3. Other technical income, net of reinsurance transfers	3	59	115
4. Charges for claims, net of recoveries and reinsurance transfers	4	60	116
5. Change in other technical reserves, net of reinsurance transfers	5	61	117
6. Reversals and participation in profits, net of reinsurance transfers	6	62	118
7. Management costs:			
a) Acquisition expenses net of commissions and profit sharing received by reinsurers	7	63	119
b) Administration costs	8	64	120
Total	9	65	121
8. Other technical charges, net of reinsurance transfers	10	66	122
9. Changes in equalisation reserves	11	67	123
10. Profit of the non-life technical account	12	68	124
II. LIFE TECHNICAL ACCOUNT			
1. Premiums for the year, net of reinsurance transfers	13	566.919	125 1.337.455
2. Income from investments			
a) Income from investments	14	37.301	126 70.474
b) Write-backs on investments	15	112	127 207
c) Profit on investment disposals	16	17.680	128 46.161
Total	17	55.093	129 116.842
3. Unrealised income and capital gains relating to investments benefiting policyholders who bear the risk and investments from pension fund management	18	77.426	130 87.658
4. Other technical income, net of reinsurance transfers	19	10.282	131 16.642
5. Charges for claims, net of reinsurance transfers	20	415.153	132 496.732
6. Change in mathematical reserves and other technical reserves, net of reinsurance transfers			
a) Mathematical reserves, premium reserve for supplementary insurance and other technical reserves	21	-69.511	133 374.565
b) Technical reserves where the investment risk is borne by policyholders and from pension fund management	22	262.181	134 493.195
Total	23	192.670	135 867.760
7. Reversals and participation in profits, net of reinsurance transfers	24	80	136
8. Management costs			
a) Acquisition expenses net of commissions and profit sharing received by reinsurers	25	4.037	137 11.801
b) Administration costs	26	4.203	138 9.443
Total	27	8.240	139 21.244

STATEMENT

	As at 30 June of the present year	As at 30 June of the previous year	As at 31 December of the previous year
9. Financial and borrowing costs			
a) Investment management costs and interest expense	28 6.448	84 6.348	140 12.958
b) Value adjustments on investments	29 16.452	85 11.557	141 19.117
c) Losses on investment disposals	30 7.969	86 6.701	142 18.093
Total	31 30.869	87 24.606	143 50.168
10. Unrealised financial and borrowing costs and capital losses relating to investments benefiting policyholders who bear the risk and to investments from pension fund management	32 23.451	88 59.709	144 55.722
11. Other technical charges, net of reinsurance transfers	33 26.950	89 23.045	145 48.534
12. (-) Share of profit from investments transferred to the non-technical account (item III.4)	34 1.436	90 1.580	146 3.276
13. Profit of the life technical account	35 10.951	91 4.984	147 15.161
III. NON-TECHNICAL ACCOUNT			
1. Profit of the non-life technical account (item I. 10)	36	92	148
2. Profit of the life technical account (item II. 13)	37 10.951	93 4.984	149 15.161
3. Income from investments of the non-life segment			
a) Income from investments	38	94	150
b) Write-backs on investments	39	95	151
c) Profit on investment disposals	40	96	152
Total	41	97	153
4. (+) Share of profit from investments transferred from the technical account of life segments (item II. 12)	42 1.436	98 1.580	154 3.276
5. Financial and borrowing costs of the non-life segments			
a) Investment management costs and interest expense	43	99	155
b) Value adjustments on investments	44	100	156
c) Losses on investment disposals	45	101	157
Total	46	102	158
6. (-) Share of profit from investments transferred to the technical account of non-life segments (item I.2)	47	103	159
7. Other income	48 555	104 479	160 906
8. Other charges	49 2.550	105 1.946	161 4.474
9. Profit/loss from ordinary operations	50 10.392	106 5.097	162 14.869
10. Extraordinary income	51 2	107 12	163 27
11. Extraordinary charges	52 55	108 97	164 175
12. Profit/loss from extraordinary operations	53 -53	109 -85	165 -148
13. Profit/loss before tax	54 10.339	110 5.012	166 14.721
14. Tax on profit for the period	55 2.939	111 2.124	167 5.724
15. Net profit (loss) for the period	56 7.400	112 2.888	168 8.997

CREDEMVITA S.p.A.

Single member company

Subject to management and coordination (pursuant to art. 2497 *bis* of the Italian Civil Code)

by Credito Emiliano S.p.A.

Registered office in Via Sani 1, Reggio Emilia

Share capital € 71,600,160

Taxpayer's Code 01437550351

Register of Companies

at the Reggio Emilia Chamber of Commerce and taxpayer's code 01437550351

Economic and Administrative Index No. 185343 at the Reggio Emilia Chamber of Commerce

COMMENTS ON THE HALF- YEARLY REPORT AS AT 30 JUNE 2017

COMMENTS ON THE HALF-YEARLY REPORT AS AT 30 JUNE 2017

These comments have been drawn up in accordance with the matters envisaged by IVASS Provision No. 53 dated 6 December 2016, amending and supplementing Regulation No. 22 dated 4 April 2008.

The values referred to in this commentary, and those shown in the accounting statements, are expressed in thousands of euro.

INFORMATION ON OPERATIONS

a. Company situation and overall business performance

a.1. Changes in legislation in this sector

The most significant regulations and provisions issued by IVASS and other sector Supervisory Authorities in the first half of 2017 (including the subsequent months of July and August 2017) affecting the operations of Credemvita, are listed below.

IVASS - Regulation No. 34 dated 7 February 2017 concerning the provisions regarding corporate governance relating to the assessment of the assets and liabilities differing from the technical reserves and the criteria for their assessment.

IVASS - Regulation No. 35 dated 7 February 2017 concerning the adjustment for the capacity to absorb the losses of the technical reserves and the deferred tax losses in the determination of the solvency capital requirements calculated using the standard formula.

IVASS - Regulation No. 36 dated 28 February 2017 containing provisions relating to the communication to IVASS of data and information for statistical surveys, studies and analysis relating to the insurance market.

IVASS - Provision No. 56 dated 9 February 2017 concerning the temporary suspension of the payment of the premiums relating to private insurance due to seismic events.

IVASS - Provision No. 58 dated 14 March 2017 concerning the digitalisation of the applications and the communications relating to the RUI (register of insurance brokers), amending ISVAP Regulation No. 5 dated 16 October 2006 and Article 183 of Italian Legislative Decree No. 209 dated 7 September 2005 - Private Insurance Code.

IVASS - Provision No. 61 dated 4 July 2017 amending ISVAP Regulation No. 24/2008 on the collation of data on complaints.

For full disclosure purposes, in addition to the Regulations and Provisions illustrated above, the following should also be noted:

The **IVASS Letter to the market dated 11 January 2017** concerning the 2016 financial statements, dividend distribution and remuneration policies.

The **IVASS Letter to the market dated 7 February 2017** concerning reference rates to be indicated in the explanatory notes to the life agreements.

The **IVASS Letter to the market dated 9 March 2017** relating to a cognitive survey Solvency II - Impact of the Long-Term Guarantee measures and the measures on the share risk.

The **IVASS Letter to the market dated 15 March 2017** relating to instructions for the transmission to IVASS of the information envisaged by Directive 2009/138/EC (Solvency II) and by ECB Regulations No. 1374/2014 and 2015/730, on the statistical reporting obligations of insurance companies.

The **IVASS Letter to the market dated 3 April 2017** regarding policies combined with loans (PPI) - reimbursement of the premium not availed of in the event of early partial repayment of the loan.

The **IVASS Letter to the market dated 21 April 2017** concerning own risk and solvency assessment (ORSA). Request to supplement the disclosure of the ORSA Report for the Supervisor dated 2017 (year 2016).

The **IVASS Letter to the market dated 5 June 2017** concerning self-assessment of the money laundering and terrorism funding risks. Annual report of the anti-money laundering unit (amended by Letter to the market dated 25 July 2017).

The **IVASS Letter to the market dated 5 July 2017** concerning self-assessment of the money laundering and terrorism funding risks. Annual report of the anti-money laundering unit. Extension of the deadline for sending section V of the spreadsheet.

The **IVASS Letter to the market dated 25 July 2017** concerning self-assessment of the money laundering and terrorism funding risks. Annual report of the anti-money laundering unit (letter which amends Letter to the market dated 5 June 2017).

The **IVASS Letter to the market dated 9 August 2017**, relating to the supervisory contribution for 2017.

The **IVASS consultation document No. 1/2017 dated 10 January 2017** relating to a draft letter to the market concerning the application of the EIOPA preparatory stances on the safeguards concerning product oversight and governance (POG) by the insurance undertakings and the distributors of insurance products.

The **IVASS consultation document No. 2/2017 dated 19 July 2017** relating to a draft IVASS Regulation containing the provisions regarding corporate governance.

The most significant provisions issued by other Supervisory Bodies (in the case in question COVIP) are also listed.

COVIP - Resolution dated 22 February 2017 entitled "Amendments to previous Resolutions dated 25 May 2016" (Italian Official Gazette No. 52 dated 3 March 2017).

COVIP - Resolution dated 22 February 2017 entitled "Amendments to the Resolution dated 22 July 2010" containing "Provisions concerning communication to members" (Italian Official Gazette No. 52 dated 3 March 2017).

COVIP - Resolution dated 22 February 2017 entitled "Amendments to the Resolution dated 21 March 2007" containing "Instructions on the adverts relating to supplementary pension schemes" (Italian Official Gazette No. 52 dated 3 March 2017).

COVIP - Resolution dated 22 March 2017 entitled "Amendments and additions to the COVIP Resolution dated 31 October 2006 «Adoption of the article of association, regulation and explanatory note formats, pursuant to Article 19.2, letter g) of Italian Legislative Decree No. 252 dated 5 December 2005», in the related part of the Explanatory Notes Format" (Italian Official Gazette No. 78 dated 3 April 2017).

COVIP - Resolution dated 22 March 2017 entitled "Determination of the extent, terms and formalities for the payment of the contribution due to COVIP by the supplementary pension schemes in 2017, pursuant to Article 1.65 of Italian Law No. 266 dated 23 December 2005".

a.2. Evolution of the Information Systems:

In the first half of 2017, the main developments relating to the company's information systems regarded:

- completion of the adaptation of the infrastructure and of systems for Solvency II, and in particular those relating to PILLAR 3 of the same directive for the forwarding of the full annual reporting. These systems have been used to carry out the forwarding required in May;
- completion of the fine tuning of the processes, systems and the organisation of Data Governance and the Data Quality;
- completion of the new procedure to automate and manage the company's outward reinsurance, which will be finally activated downstream from a parallel phase which will conclude by the end of 2017;
- activation of a new set of standard libraries in the calculation engine for the actuarial valuations and the risk scenarios;
- roll out of a project aimed at the assimilation of the PRIIPS (Packaged Retail Investment and Insurance Products) legislation which introduces the discipline of the documents containing key information (Key Investor Document) on the preassembled insurance and retail investment products and which requires dedicated IT instruments which will be completed by the end of 2017;
- introduction of a new Business Intelligence platform accompanied by the creation of new commercial dashboards and the activation of an environment for self-reporting;
- enhancement of the Infoproviding services;
- general technological evolution of the Company, with completion of the supply of company smartphones to all the employees to further mobile working;

More specifically, with regard to developments of the Information Systems serving the Business, the following are of note:

- implementation of a plafond for the management of the additional payments on class I products;
- adaptation of the procedures relating to the settlement of claims to the new tax legislation;
- release of specific applications (apps) for the financial advisors with mobile windows devices (already available for the Ios and Android systems);
- enabling on the PASSVI system of the post-sales functions relating to the CPI products;
- restyling of the website www.credemvita.it on a consistent basis with the group guidelines;
- new process for the handling of certain dynamics of the Collection product investment line.

a.3. Sales performance

As at 30 June 2017, Credemvita had issued a total of 6,481 new policies (of which two CPI contracts) with 11,907 new subscriptions underlying CPI contracts; in the same period of the previous year, new contracts amounted to 8,021 (of which five CPI contracts) with 12,059 new subscriptions.

The details of the new contracts are provided below:

Segment	New contracts 30/06/2017	New contracts 30/06/2016
Segment I	4,214	5,151
Segment III	1,726	2,379
Segment V	0	0
Segment VI	541	491
Total	6,481	8,021

The insurance portfolio recorded an increase of 1.4%, rising from 116,783 contracts (of which 18 CPI contracts with 84,994 underlying subscriptions) as at 30 June 2016, to 118,366 contracts (including 18 CPI contracts with 88,434 underlying subscriptions) as at 30 June 2017.

Premiums collected by the Company, before reinsurance, amounted to € 570,728 thousand, down 20.1% compared to € 713,779 thousand premiums collected in the same period of the previous year.

The first half of the year was characterised by falling commercial results when compared with the same period in the previous year, fundamentally due to the drop which characterised the collections of the Segment I products which can be revalued. Premiums collected in the first half of 2017 focused at the same time on the placement of Unit-Linked policies which, from March onwards showed a faster growth rate.

Collections of policies which can be revalued were down due to a stabilisation of demand after the very high placement rates which these products disclosed in the period 2012/2016.

Gross collections were € 570,278 thousand, € 126,040 thousand of which refers to segment I and V policies subject to revaluation, down compared to 2016, characterised by gross collections of € 294,985 thousand; € 420,194 thousand refers to Linked products, exclusively related to Unit type policies, up slightly with respect to 2016, characterised by gross collections of € 395,914 thousand. Policies for coverage in the event of death and credit protection policies amounting to € 10,335 thousand showed an increase, +10% compared to 2016, this was also true of the Pension Fund, which recorded premiums collected of € 13,709 thousand, a slight increase compared to the first half of 2016, with a rise of +1.4%.

The downwards trend of guaranteed-rate policies, which impacted the policies of the “Investire Sicuro” (Safe Investments) range, was the consequence of the minor demand noted in the mass segments of the retail customers; the rise in Unit-linked policies was instead guaranteed by the flow of premiums related to the Collection and Global View products; the Private Collection product collected € 241,342 thousand in the first six months of the year, Collection and Collection PRO collected premiums amounting to € 110,028 thousand and lastly, the Global View product collected premiums of € 68,390 thousand.

These trends confirm the success of Credemvita’s commercial strategy, which has focused on new and highly innovative and customisable product concepts within its Unit-Linked line, in which active financial management is provided for the reference portfolios selected by the customer with a view to enhancing fund performance.

This unique and complete product allows customers not only to select portfolios with the asset class most suited to their investment profiles, but also to add a series of correlated services to support policy performance, such as the Stop-Loss service (investment monitoring and limitation of losses during negative market trends) and Investment Plan (which provides the possibility of changing from the initial asset class to the customer’s target asset class at periodic intervals).

The balance of outward reinsurance amounted to € -511 thousand (€ -482 thousand at the end of the corresponding period of last year).

The income statement recorded a net profit for the period of € 7,400 thousand (€ 2,888 thousand as at 30 June 2016), disclosing an increase of 156%.

This increase is mainly due to the following operating events:

- net losses resulting from the valuation of securities as at 30 June 2017, which amounted to € 7,839 thousand (€ 10,328 thousand as at 30 June 2016);
- period provisions to the supplementary reserves guaranteeing the rate, down considerably with respect to the first six months of 2016;
- a marked increase in the amount of the revenues attributable to the Segment III Unit Linked policies portfolio;
- an increase in the income deriving from the own portfolio;
- a decrease in income mainly originating from the “Credemvita” separate management portfolio, due to a rate of return for the period that was lower than that of the first half of 2016, with in contrast financial revenues attributable to the “Credemvita II” separate management portfolio only down slightly thanks to the growth in average assets which countered the similar drop in the spot period returns with respect the first half of last year;
- a cost base essentially in line with that of the first half of 2016;
- the presence in the period of positive overperformance commission on the portfolios of the Unit Linked policies with respect to the absence of these revenue components as at 30 June 2016.

The table below illustrates the main balance sheet and income statement items compared to figures as at 31 December 2016 and 30 June 2016.

Main balance sheet items (in €/thousand)

	30 June 2017	31 Dec. 2016	30 June 2016	Change June 2017 Dec. 2016
Assets				
Intangible assets	2,466	2,860	2,522	-394
Investments in group companies and other investees	0	0	0	0
Other financial investments	3,364,038	3,518,576	3,426,048	-154,538
Investments benefitting policyholders	2,930,485	2,668,542	2,404,558	261,943
Technical reserves attributable to reinsurers	9,820	8,169	5,727	1,651
Receivables, other asset items and accruals and deferrals	396,463	320,512	221,034	75,951
Total assets	6,703,272	6,518,659	6,059,889	184,613
Liabilities and shareholders' equity				
Shareholders' equity	141,910	172,530	166,422	-30,620
Subordinated liabilities	80,000	50,000	50,000	30,000
Technical reserves	3,513,783	3,554,491	3,392,255	-40,708
Technical reserves where the investment risk is borne by policyholders	2,926,837	2,664,657	2,400,888	262,180
Provisions for risks and charges	140	190	10	-50
Payables, accruals and deferrals and other liabilities	40,602	76,791	50,314	-36,189
Total liabilities and shareholders' equity	6,703,272	6,518,659	6,059,889	184,613

Main income statement items (in €/thousand)

	30 June 2017	31 Dec. 2016	30 June 2016	Change June 2017 June 2016
Premiums for the period, net of reinsurance transfers	566,919	1,337,456	711,289	-144,370
Income from investments	55,093	116,842	56,576	-1,483
Income relating to investments benefiting policyholders	77,426	87,658	38,037	39,389
Technical income net of reinsurance	10,282	16,642	7,537	2,745
Charges for claims, net of reinsurance	-415,154	-496,733	-263,225	-151,929
Change in reserves	-192,670	-867,761	-426,521	233,851
Reversals and participation in profits, net of reinsurance transfers	0	0	0	0
Management costs	-8,239	-21,245	-9,769	1,530
Financial and borrowing costs	-30,869	-50,168	-24,606	-6,263
Costs relating to investments benefiting policyholders	-23,451	-55,722	-59,709	36,258
Other technical charges, net of reinsurance	-26,950	-48,534	-23,045	-3,905
(-) Share of profit from investments transferred to the non-technical account	-1,436	-3,276	-1,580	144
Profit of the technical account	10,951	15,159	4,984	5,967
(+) Share of profit from investments transferred from the technical account	1,436	3,276	1,580	-144
Other income and charges	-1,995	-3,568	-1,467	-528
Profit/loss from ordinary operations	10,392	14,867	5,097	5,295
Extraordinary income and charges	-53	-148	-85	32
Profit before tax	10,339	14,719	5,012	5,327
Income taxes for the year	-2,939	-5,724	-2,124	-815
Net profit (loss) for the year	7,400	8,995	2,888	4,512

b. Evolution of the insurance portfolio

Business decreased with respect to the same period of 2016, and was mainly focused on segment III products, which recorded collections accounting for 73.7% of the total.

Segments I and V represent 23.9% of total premiums, whereas they represented 42.6% of the total in the same period of the previous year.

Segment VI recorded an increase in terms of its percentage of the portfolio against 2016, and represented 2.4% of the total, compared with 1.9% in 2016.

The Company's portfolio, with premiums collected during the period amounting to € 570,278 thousand, showed a downward trend overall with respect to 30 June 2016, as illustrated in the table below.

Gross premiums for guaranteed rate policies were down sharply, recording a drop in absolute terms of € 168,945 thousand (-57.3%), while those referring to Unit Linked Policies increased by € 24,281 thousand (+6.1%).

Summary of gross premiums in the first half of 2017 (in € /thousand)

Products	30 June 2017	30 June 2016	% Change
Unit-Linked related to external funds	351,443	305,400	+15.1%
Guaranteed-rate policies	126,040	294,985	-57.3%
Unit-Linked related to internal funds	68,751	90,514	-24.0%
Death cover	10,335	9,361	+10.4%
Pension Funds	13,709	13,519	+1.4%
Total	570,278	713,799	-20.1%

c. Trend of claims in the main segments in which the company operates

The breakdown of the amounts paid and the change in the reserve for amounts to be paid is illustrated in the table below (in € /thousand):

	30 June 2017	30 June 2016	Change
<i>Claims:</i>			
Segment I	48,689	39,711	8,978
Segment III	23,786	23,017	769
Total claims	72,475	62,728	9,747
<i>Maturity:</i>			0
Segment I	11,425	6,470	4,955
Segment III	37,877	9,680	28,197
Segment V	0	178	-178
Segment VI	1,614	1,175	439
Total maturity	50,916	17,503	33,413
<i>Surrenders:</i>			0
Segment I	136,125	69,690	66,435
Segment III	123,168	88,597	34,571
Segment V	3,403	2,148	1,255
Segment VI	3,019	3,468	-449
Total surrenders	265,715	163,903	101,812
Annuity (Segment I)	26	21	5
Settlement expenses	71	71	0
Change in reserve for amounts to be paid	26,813	19,460	7,353
Claims attributable to reinsurers	-1,200	-468	-732
Change in reserve for amounts to be paid by reinsurers	338	7	331
Total Charges for claims	415,154	263,225	151,929

As the table below shows, charges relating to claims, net of reinsurance, rose in all segments, increasing from € 263,225 thousand as at 30 June 2016 to € 415,154 thousand as at 30 June 2017 (+57.7%).

If we look at the ratio of claims to premiums, in comparison to the same period of the previous year, the figure has sharply deteriorated.

	30 June 2017	30 June 2016	Change
Total charges for claims:			
Segment I	204,089	116,249	87,840
Segment III	202,463	139,643	62,820
Segment V	3,405	2,388	1,017
Segment VI	5,197	4,945	252
Total Charges for claims	415,154	263,225	151,929
Ratio of claims to premiums:			
Segment I	160.55%	39.14%	
Segment III	48.18%	35.27%	
Segment V	57.73%	48.91%	
Segment VI	37.91%	36.58%	
Ratio of claims to premiums	73.23%	37.01%	

d. Performance of insurance business exercised as the liberal provision of services and through secondary offices in EU countries or members of the European Economic Area and in third countries

The company does not have any business abroad.

e. Fundamental aspects of the reinsurance policy with specific regard to changes in the most significant types of reinsurance adopted

In accordance with the framework agreement for outward reinsurance of the Board of Directors dated 19 April 2007, the Company has two “risk premium” reinsurance agreements in place with the Munich Re reinsurance company and one with commercial premiums with RGA International Reinsurance Company, all of which regard coverage in the event of death.

f. Research and development and the main new insurance products introduced into the market

During the half year, the Products already in the catalogue were revised.

g. Fundamental aspects of the investment policy and returns achieved

As regards class “C”, the investment policy continued to favour Government bonds (61.4% of the portfolio against 64.0% as at 31 December 2016), in particular Italian Government bonds represent 60.9% of the total portfolio. The component invested in corporate bonds fell slightly (4.3% of the portfolio against 5.8% as at 31 December 2016) while the mutual fund and SICAV component of the portfolio rose (34.2% against 30.2% as at 31 December 2016). All of the corporate bonds in separate portfolios have been issued by “investment grade” issuers and are highly liquidable.

As regards class “D”, the investment policy was consistent with the characteristics of Unit-Linked internal and external funds and with the regulation of the open-end pension fund “Credempresidenza”.

The following table summarises the distribution of the investments belonging to class “C” of the Balance Sheet (amounts in €/thousand), compared to 31 December 2016:

Investment type	30 June 2017	%	31 December 2016	%	% Change
Government bonds	2,066,138	61.4%	2,253,136	64.0%	-8.3%
Bonds	145,718	4.3%	203,106	5.8%	-28.3%
Mutual funds and SICAVs	1,152,182	34.2%	1,062,334	30.2%	8.5%
Total	3,364,038	100.0%	3,518,576	100.0%	-4.4%

The difference between accounting values and spot market values as at 30 June 2017 is as follows (in €/thousand):

Investment type	Book value	Present value	Difference
Government bonds	2,066,138	2,177,825	111,687
Bonds	145,718	149,633	3,915
Mutual funds and SICAVs	1,152,182	1,152,517	335
Total	3,364,038	3,479,975	115,937

As at 30 June 2017, the net income generated by these investment (without considering the general expenses allocated to financial management, which as at 30 June 2017 amounted to around € 716 thousand) was € 24,940 thousand. This income, relating to an average capital of € 3,441,307 thousand, gave an annualised rate of return of 1.46%, as shown in the table below:

Investment type	Average capital employed	%	Net income generated	Annualised rate of return
Government bonds and bonds	2,334,049	67.8%	29,296	2.53
Mutual funds and SICAVs	1,107,258	32.2%	-4,356	- 0.79
Total	3,441,307	100.0%	24,940	1.46

This result (without considering the general expenses allocated to financial management, which as at 30 June 2017 amounted to around € 716 thousand) was influenced by write-downs of € 16,340 thousand, net of write-backs.

With regard to the split between the portfolio for long-term use and that for shorter-term use, please refer to point 4) in part C below.

The distribution of investments relating to Unit-Linked policies as at 30 June 2017 is shown below (amounts in €/thousand):

Investment type	30 June 2017	%	31 December 2016	%	% Change
Government bonds and bonds	16,681	0.6%	23,377	1.0%	-28.6%
Mutual funds and SICAVs	2,650,311	98.0%	2,418,294	98.6%	9.6%
Liquidity and other assets	36,617	1.4%	10,416	0.4%	251.5%
Total	2,703,609	100.0%	2,452,087	100.0%	10.3%

These investments are recognised at market prices as at 30 June 2017. At said date, the income generated by these investments, including income and losses from trading and the valuation of bonds with respect to their book value, was € 51,677 thousand.

The distribution of investments relating to the open-end pension fund "Credemprevidenza" as at 30 June 2017 is shown below (amounts in €/thousand):

Investment type	30 June 2017	%	31 December 2016	%	% Change
Government bonds and bonds	79,390	35.0%	73,959	34.2%	7.3%
Mutual investment funds	143,738	63.4%	132,911	61.4%	8.1%
Liquidity and other assets/liabilities	3,750	1.7%	9,586	4.4%	-60.9%
Total	226,878	100.0%	216,456	100.0%	4.8%

These investments are recognised at market prices as at 30 June 2017. At said date, the income generated by these investments, including income and losses from trading and the valuation of bonds with respect to their book value, was € 2,299 thousand.

h. Effects on the representation of the economic result, if under exceptional circumstances different standards are adopted with respect to those used at the time of drafting the last set of financial statements

The company has not adopted different standards with respect to those used at the time of drafting the last set of financial statements.

i. Illustration of the main equity and economic relations with Group companies and other investees Indication of the number and par value of the own shares and those of the parent company held by the company

The subscribed and paid up share capital amounts to € 71,600,160, divided into 13,876,000 shares with a nominal value of € 5.16 each. At present, the share capital is held in its entirety by Credito Emiliano S.p.A., which is therefore the direct parent company.

The following transactions have been entered into with Credem Group companies on an arm's length basis: commercial agreements for the distribution of insurance products; current account agreements; agreements for the retrocession of management commission on UCITs; securities deposit and portfolio management agreements; planning and capital management activities; real estate leasing; payroll and salary services; various consulting services; postal services; process analysis and internal audit consulting services; personnel secondment, compliance and risk management services. The Company does not control other companies and it has no equity investments in other companies. The Company does not hold own shares either directly or through third parties or trust companies. During the period, it has not purchased or sold own shares either directly or through third parties or trust companies.

On 14 June 2017, Credemvita's shareholders' meeting resolved the payment of an extraordinary dividend to Credito Emiliano using the available reserves made up of undistributed prior profits, for a total amount of € 29,972,160.00. The transaction in question complies with a logic of efficiency of the capital structures at Corporate Group level and is overall aimed at an optimisation of the consolidated equity structures. The Company's level of capitalisation, further to the distribution of the reserves, emerged as sound and above the legislative requirements.

Subsequently, Credemvita (the "Issuer") issued a subordinated loan on 28 June 2017 entitled Credemvita "Euro 30,000,000.00 Fixed Rate Resettable Dated

Subordinated Notes due 28 June 2027" (the "Bond" or the "Bonds") which can be reckoned in the basic own funds of level 2 within the limits envisaged by sector legislation (including Delegated Regulation - EU 2015/35 of the Commission of 10 October 2014, which supplements Directive 2009/138/EC of the European Parliament and Council regarding access and exercise of insurance and reinsurance activities - Solvency II-, in particular Article 73, as well as the provisions of Ivass Reg. No. 25/2016).

The security is name-registered and the registered holder of the Bonds as of the date of issue was Credito Emiliano S.p.A..

The Bonds have the following characteristics:

1. They represent direct, unconditioned, subordinated and unguaranteed bonds of the Issuer and are classified equally without any preference among them;
2. Duration: 10 years from the issue date, with the possibility of early redemption only as from the fifth year;
3. Interest rate: fixed, to be paid annually. At the time of issue equal to 4.0665 percent per annum (5y Mid Swap equal to 0.1340 percent plus a spread equal to 3.9325 percent) with reset of the interest rate on conclusion of the fifth year, without application of any step-up mechanism. In the event that the Bond is not recalled at the end of the fifth year, the interest rate for the subsequent five-year period will be established as fixed rate obtained from the sum of the 5 year mid-swap rate struck at the end of the fifth year and the spread already fixed on issue.
4. Subordination and ranking: the bond was issued as a subordinate security. Furthermore, in order to safeguard the subordination of the bond, so-called events of default are not envisaged (in other words the faculty, for the holders, in the event of default of the issuer, to request early redemption, is not envisaged).
5. Absorption of the losses by means of the deferral of the interest: the bond envisages the mandatory deferral of the interest (i) in the event that a "Solvency Capital Event" has occurred (as defined below) and the same continues to exist as of the date of payment of the interest, or in any event in the cases where the payment of the interest would lead to the occurrence of a Solvency Capital Event, (ii) in all the cases where the payment of the interest may lead to the insolvency of the issuer.
6. A Solvency Capital Event is understood to be (a) the case where the own funds of the Company are not sufficient for covering the capital solvency requirements, (b) all the cases where IVASS, in consideration of the financial conditions of the Company, communicates to the same that the payment of the interest must be deferred. In hypothesis (a), steps can however be taken to make the payment of the interest in the event that - in compliance with the matters envisaged by the Delegated Regulation - (i) IVASS has decided on an exceptional basis not to avail of the deferral of the interest, (ii) the payment does not lead to a further weakening of the Company's solvency position, and (iii) the minimum capital requirement is observed after the distribution.
7. The interest which has been deferred on the basis of the above will then be paid as of the first useful date for payment of the interest when the afore-mentioned events do not take place, or in the event of reimbursement of the bond or winding up of the Company.
8. Reimbursement of the bond: the reimbursement of the Bond may take place - besides on its natural maturity date - on expiry of the fifth year, or on occurrence of a "Regulatory Event" (or rather in the event that the securities no longer have the admissibility characteristics - and not reckonability features - for being included in the underlying level 2 own funds, in compliance with market practices, in the event that the Company should no longer be subject to the supervision of IVASS) and of a "Tax Event" (or rather if, due to the introduction of new tax rules, or the amendment of the existing ones, the Company should be subject to the payment of additional taxes on the Bond or should no longer be in a position to deduct the interest paid on the Bond).

As of 30 June 2017, the coupon interest expense of the Bond pertaining to the half year amounted to € 7 thousand.

Credemvita, despite the already adequate equity position after payment of the extraordinary dividend, deemed it appropriate to immediately consider another issue so as to seize the market opportunities which in the period had presented themselves as particularly favourable both in terms of rate and credit risk with respect to the expectations envisaged for the subsequent months. The issue, considered strategically in forward-looking terms, has the purpose of maintaining and further increasing the capital endowment of Credemvita: (i) on the one hand, so as to support the development strategy of the Company on a consistent basis with the planning and budget process; (ii) on the other hand, from a prudent standpoint, so as to be able to handle any situations of volatility or adverse scenarios which might crop up on the markets.

The issue therefore seizes favourable market opportunities, present at the moment, and which are deemed will potentially vanish, satisfying the main guidelines of the strategy of the Company: equipping itself with a higher level of capitalisation suitable for ensuring flexibility for business operations over the coming years, rendering the same suitable for supporting the growth, for seizing timely and unexpected commercial growth opportunities as well as making it resilient in the presence of tensions, problematic aspects on the markets and unforeseeable increases of the level of volatility.

This issue joins that already outstanding, with similar characteristics, issued in December 2015.

The following revenues generated by dealings with group companies pertain to the first half of the year: interest income on current accounts for € 6 thousand, retrocessions of management commissions for € 461 thousand, recovery of expenses for seconded personnel for € 285 thousand and administrative-technical-organisational services for € 181 thousand (Credemassicurazioni).

The following costs relating to dealings with Group companies are pertinent to the first half of the year: maintenance fees and commission for € 28,210 thousand, management and guarantee costs for € 669 thousand, interest expense on current accounts for € 459 thousand, IT support and technological outsourcing services for € 88 thousand, rental costs and shared property charges for € 6 thousand, reimbursement of postal expenses for € 30 thousand, reimbursement of the cost of seconded personnel for € 110 thousand (of which € 53 thousand Credemassicurazioni), various services for € 455 thousand, commercial expenses for € 24 thousand and bank fees for € 40 thousand.

For an illustration of the main equity relations with Group companies and other investees, please refer to point 1 of Part C - Notes to the Balance Sheet in this report.

j. Significant events after the end the of interim period which might significantly affect the balance sheet and financial situation or the economic result

Between the end of the period as of 30 June 2017 and until the date of approval of this Report by the Company's Board of Directors, there were no new events worth mentioning.

The situation of the securities portfolio as at 25 August 2017 shows latent gains of € 123,313 thousand for the long-term use segment and latent losses of € 22,404 thousand for the shorter-term use segment.

k. General comments on business performance from the end of the half-year and expected results for the current year

Business performance appears to indicate that the year will close with premium collections of around € 1,300,000 thousand (€ 1,342,575 thousand as at 31 December 2016) as approved by the Company's Board of Directors in a meeting held on 1 August 2017.

From an economic perspective, a higher result than that recorded at the end of last year is expected as at 31 December 2017, on a consistent basis with the approved forecasts. An operating trend in line with the dynamics which characterised operations up until 30 June 2017 is expected in the second half of the year, with a contribution deriving from the various business lines which is expected to grow in a linear manner over the coming months with respect to the evidence of the interim period, maintaining the weight relating to the various business areas unchanged. The economic result expectations as at 31 December 2017 take into account the financial expense linked to the bond issued, subscribed by Credito Emiliano, which Credemvita finalised on 28 June 2017.

Lastly, the overall structure of the securities portfolio is expected to vary in line with the premiums collected and claims paid, while its asset allocation is not expected to change significantly.

1. Amount of Gross premiums written and of reinsurance premiums paid.

The breakdown of gross premiums written by segment, with an indication of the reinsurance premiums paid and the amount of the gross premiums related to direct business, are summarised in the table below (amounts in €/thousand):

Gross premiums written for direct business

Segment	Gross premiums written	Gross premiums for direct business	Reinsurance premiums paid
Segment I	130,477	130,477	-3,359
Segment III	420,194	420,194	
Segment V	5,898	5,898	
Segment VI	13,709	13,709	
Total	570,278	570,278	-3,359

Reinsurance premiums paid

Segment	30 June 2017	30 June 2016	Change
Segment I	3,359	2,490	869
Total	3,359	2,490	869

The Company does not have any indirect business.

m. Change in the premium reserve in non-life segments

The Company only operates in the life insurance sector.

n. Claims paid and change in the claims reserve in non-life segments

The Company only operates in the life insurance sector.

o. Income and costs relating to investments

The table below shows the income and the costs relating to investments (in €/thousand) compared with the figures for the same period of the previous year:

Class C

Item	30 June 2017	30 June 2016	Change
<i>Income from investments:</i>			
Income from investments	37,301	33,604	3,697
Write-backs on investments	112	1,229	-1,117
Profit on investment disposals	17,680	21,743	-4,063
Total income from investments	55,093	56,576	-1,483
<i>Financial and borrowing costs:</i>			
Investment management costs and interest expense	-6,448	-6,348	-100
Value adjustments on investments	-16,452	-11,557	-4,895
Losses on investment disposals	-7,969	-6,701	-1,268
Total financial and borrowing costs	-30,869	-24,606	-6,263

Class D (Unit-Linked and Index-Linked)

Item	30 June 2017	30 June 2017	Change
<i>Income from investments:</i>			
Income from investments	340	345	-5
Gains on valuations	54,537	30,777	23,760
Profit on investment disposals	15,093	2,083	13,010
Total income from investments	69,970	33,205	36,765
<i>Financial and borrowing costs:</i>			
Investment management costs and interest expense	6,357	4,586	1,771
Losses on valuations	9,784	28,499	-18,715
Losses on investment disposals	2,152	17,133	-14,981
Total financial and borrowing costs	18,293	50,218	-31,925

Class D (Pension Fund)

Item	30 June 2017	30 June 2016	Change
<i>Income from investments:</i>			
Income from investments	1,899	2,818	-919
Gains on valuations	5,051	1,981	3,070
Profit on investment disposals	507	32	475
Total income from investments	7,457	4,831	2,626
<i>Financial and borrowing costs:</i>			
Investment management costs and interest expense	2015	1,047	968
Losses on valuations	3,042	7,297	-4,255
Losses on investment disposals	101	1,148	-1,047
Total financial and borrowing costs	5,158	9,492	-4,334

p. Extraordinary income and charges

The table below shows extraordinary income and charges (in €/thousand) compared with the figures for the same period of the previous year:

	30 June 2017	30 June 2016	Change
<i>Extraordinary income:</i>			
Contingent assets	2	12	-10
<i>Total extraordinary income</i>	2	12	-10
<i>Extraordinary charges:</i>			0
Contingent liabilities	-28	-86	58
Other	-28	-10	-18
<i>Total extraordinary charges</i>	-56	-96	40

q. Illustration of the influence on the economic situation of transactions for significant amounts, regarding the transfer of securities from one segment (long-term or shorter-term) to the other, namely the early disposal of securities classified as long-term, of an exceptional and extraordinary nature

During the period, no early disposals of securities for long-term use were made and no transfers of securities from the shorter-term segment to the long-term segment were carried out for a significant amount.

r. Illustration of the results recorded in the half year for transactions in derivative financial instruments, with reference to the various product categories and with an indication of the transactions completed and those still underway.

During the period no transactions were performed on derivative financial instruments.

Other income statement items

“Other technical income” amounted to € 10,281 thousand and breaks down as follows:

<i>“Other technical income”</i>	30 June 2017	30 June 2016	Change
Retrocessions on commission for subscriptions of Mutual funds and SICAVs	1,143	1,155	-12
Other Unit-linked policy management commissions relating to external funds	187	803	-616
Other Unit-linked policy management commissions relating to internal funds	5,520	4,564	956
Other Pension fund management commissions relating to internal funds	1,151	995	156
Overperformance commissions relating to Unit-Linked policies	807	0	807
Income for withdrawal rights	0	0	0
Other technical income	1,473	20	1,453
Total	10,281	7,537	2,744

The “Retrocessions on commission for subscriptions of Mutual funds and SICAVs”, relating to Unit-Linked policies related to external funds, were recognised to policyholders, in accordance with the law and contractual conditions.

The higher collections recorded in the Unit-Linked segment mainly regard policies from the “Collection” range, where management commissions are recognised as a reversal of the quota by means of a change in mathematical reserves.

“Other technical charges” amounted to € 26,950 thousand and broke down as follows:

“Other technical charges”	30 June 2017	30 June 2016	Change
Bank charges for portfolio management	669	366	303
Cancellation of backdated premiums from previous years	73	86	-13
Retrocessions on commission paid to policyholders	1,110	350	760
Maintenance commissions	24,879	22,061	2,818
Other charges	216	179	37
Interest on payables due to reinsurance companies	3	3	0
Total	26,950	23,045	3,905

As shown in the table above, the increase in technical charges is due to the considerable increase of maintenance commission with respect to the same period of the previous year: this increase is related to the positive trend in the collection of premiums already illustrated in this report.

Taxes for the period amounted to € 2,939 thousand:

s. Information relating to exemption from the obligation to prepare consolidated financial statements pursuant to Articles 96 and 97 of the decree and Article 21 of ISVAP Regulation No. 7 dated 13 July 2007

As the circumstance set forth in Articles 19 and 20 (title III) of ISVAP Regulation No. 7 of 13 July 2007, which refer to Articles 95 and 96 of Legislative Decree No. 209 of 7 September 2005, does not exist, Credemvita S.p.A. is not required to prepare annual consolidated financial statements or a consolidated half-yearly report.

The Company has no equity investments and it does not directly or indirectly control other companies.

t. Indication of any advances on dividends paid or resolved upon

No advances on dividends have been resolved upon.

Relations with shareholders

The Company is controlled by a sole shareholder, Credito Emiliano SpA. Therefore, the Company is subject to management and coordination pursuant to art. 2497 of the Italian Civil Code by Credito Emiliano SpA.

As indicated previously, as at 30 June 2017, the fully paid-up Share Capital amounted to € 71,600,160 and was represented by 13,876,000 shares with a par value of € 5.16.

Reggio Emilia, Italy, 20 September 2017

The General Manager
(Carlo Antonio Menozzi)