



CREDEMVITA

FINANCIAL STATEMENTS
2015 HALF-YEAR

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2015 HALF- YEAR FINANCIAL STATEMENTS

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Company: **CREDEMVITA**

Subscribed share capital €

Paid up €

Registered office in

HALF-YEARLY REPORT
AS AT 2015

(Figures in €thousand)

ASSETS	As at 30 June of the present year	As at 30 June of the previous year	As at 31 December of the previous year
A. Unpaid subscribed share capital	1	75	149
B. Intangible assets			
1. Acquisition expenses to be amortised	2	76	150
2. Other assets	3	1,046	925
Total	4	1,046	944
C. Investments			
I - Land and buildings	5	79	153
II - Investments in group companies and other investees			
1. Shares and units	6	80	154
2. Bonds	7	81	155
3. Loans	8	82	156
Total investments in group companies and other investees	9	83	157
III - Other financial investments			
1. Shares and units	10	84	158
2. Units of mutual investment funds	11	793,381	569,713
3. Bonds and other fixed-income securities	12	2,284,013	2,048,296
4. Loans	13	87	161
5. Others	14	88	162
Total other financial investments	15	3,077,394	2,618,009
IV - Deposits with assignor companies	16	90	164
Total	17	3,077,394	2,805,662
D. Investments benefiting life policyholders who bear the risk and from pension fund management			
I - Investments related to benefits linked to investment funds and market indices	18	1,773,715	1,045,193
II - Investments from pension fund management	19	174,549	141,033
Total	20	1,948,264	1,186,226
D.bis Technical reserves attributable to reinsurers			
I - Non-life technical reserves	21	95	169
II - Life technical reserves (excluding the technical reserves set forth in point III)	22	2,725	2,291
III - Life technical reserves where the investment risk is borne by policyholders and reserves from pension fund management	23	97	171
Total	24	2,725	2,419
E. Receivables			
I - Receivables deriving from direct insurance transactions	25	1,732	2,405
II - Receivables deriving from reinsurance transactions	26	126	15
III - Other receivables	27	55,776	55,667
Total	28	57,634	73,347
F. Other asset items			
I - Property, plant and equipment and stock	29	65	48
II - Cash and cash equivalents	30	72,421	52,347
III - Own shares or quotas	31	15,640	22,388
IV - Other assets	32	105	179
Total	33	88,126	74,783
G. Accruals and deferrals	34	21,009	20,081
TOTAL ASSETS	35	5,196,198	3,960,402
			183
			4,399,378

SHEET

LIABILITIES	As at 30 June of the present year	As at 30 June of the previous year	As at 31 December of the previous year
A. Shareholders' equity			
I - Subscribed share capital or equivalent provision	36 71,600	110 71,600	184 71,600
II - Share premium reserve	37	111	185
III - Legal reserve	38 6,552	112 5,668	186 5,668
IV - Other capital reserves	39 78,523	113 61,726	187 61,726
V - Profit (loss) carried forward	40	114	188
VI - Net profit (loss) for the period	41 6,188	115 8,563	189 17,681
Total	42 162,863	116 147,559	190 156,675
B. Subordinated liabilities	43	117	191
C. Technical reserves			
I - Non-life segments			
1. Premium reserve	44	118	192
2. Claims reserve	45	119	193
3. Other technical reserves	46	120	194
4. Equalisation reserves	47	121	195
Total non-life technical reserves	48	122	196
II - Life segments			
1. Mathematical reserves	49 3,001,813	123 2,556,308	197 2,717,920
2. Reserve for amounts to be paid	50 28,357	124 23,219	198 22,553
3. Other technical reserves	51 11,663	125 11,503	199 11,760
Total life technical reserves	52 3,041,833	126 2,591,030	200 2,752,233
Total	53 3,041,833	127 2,591,030	201 2,752,233
D. Technical reserves where the investment risk is borne by policyholders and reserves from pension fund management			
I - Reserves related to contracts linked to investment funds and market indices	54 1,772,238	128 1,043,567	202 1,267,511
II - Reserves from pension fund management	55 174,549	129 141,033	203 162,008
Total	56 1,946,787	130 1,184,600	204 1,429,519
E. Provisions for risks and charges	57 114	131 273	205 174
F. Deposits received by reinsurers	58	132	206
G. Payables and other liabilities			
I - Payables resulting from direct insurance transactions	59 13,929	133 10,084	207 17,976
II - Payables resulting from reinsurance transactions	60 547	134 463	208 350
III - Bonds	61	135	209
IV - Due to banks and financial institutions	62	136	210
V - Other payables and loans	63 12,804	137 10,594	211 33,024
VI - Provision for employee severance pay	64 316	138 301	212 313
VII - Other liabilities	65 17,005	139 15,488	213 9,114
Total	66 44,601	140 36,930	214 60,777
H. Accruals and deferrals	67	141 10	215
TOTAL LIABILITIES	68 5,196,198	142 3,960,402	216 4,399,378

GUARANTEES, COMMITMENTS AND OTHER MEMORANDUM ACCOUNTS

I. Guarantees given	69	143	217
II. Guarantees received or given by third parties in the interest of the company	70	144	218
III. Commitments	71	145	219
IV. Assets pertaining to pension funds managed in the name and on behalf of third parties	72	146	220
V. Others	73 4,957,471	147 3,791,473	221 4,217,676
TOTAL MEMORANDUM ACCOUNTS	74 4,957,471	148 3,791,473	222 4,217,676

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	979,618	747,039
2. Income from investments			
a) Income from investments	14	32,691	36,536
b) Write-backs on investments	15	154	58
c) Profit on investment disposals	16	66,445	45,190
Total	17	99,290	81,784
3. Unrealised income and capital gains relating to investments benefiting policyholders who bear the risk and investments from pension fund management	18	63,432	40,879
4. Other technical income, net of reinsurance transfers	19	7,467	6,595
5. Charges for claims, net of reinsurance transfers	20	256,408	217,450
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	283,536	466,814
b) Technical reserves where the investment risk is borne by policyholders and from pension fund management	22	517,269	135,325
Total	23	800,805	602,139
7. Reversals and participation in profits, net of reinsurance transfers	24	80	
8. Management costs			
a) Acquisition expenses net of commissions and profit sharing received by reinsurers	25	7,539	5,932
b) Administration costs	26	2,968	2,756
Total	27	10,507	8,688

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 3,862 ⁸⁴	3,960 ¹⁴⁰	7,747
b) Value adjustments on investments	29 9,440 ⁸⁵	2,022 ¹⁴¹	949
c) Losses on investment disposals	30 18,323 ⁸⁶	6,184 ¹⁴²	27,716
Total	31 31,625 ⁸⁷	12,166 ¹⁴³	36,412
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 19,891 ⁸⁸	6,788 ¹⁴⁴	14,314
11. Other technical charges, net of reinsurance transfers	33 19,797 ⁸⁹	13,552 ¹⁴⁵	29,728
12. (-) Share of profit from investments transferred to the non-technical account (item III.4)	34 3,740 ⁹⁰	3,994 ¹⁴⁶	6,244
13. Profit of the life technical account	35 7,034 ⁹¹	11,520 ¹⁴⁷	24,235
III. NON-TECHNICAL ACCOUNT			
1. Profit of the non-life technical account (item I. 10)	36		148
2. Profit of the life technical account (item II. 13)	37 7,034 ⁹³	11,520 ¹⁴⁹	24,235
3. Income from investments of the non-life segment			
a) Income from investments	38	94 ⁹⁴	150 ¹⁵⁰
b) Write-backs on investments	39	95 ⁹⁵	151 ¹⁵¹
c) Profit on investment disposals	40	96 ⁹⁶	152 ¹⁵²
Total	41	97 ⁹⁷	153 ¹⁵³
4. (+) Share of profit from investments transferred from the technical account of life segments (item II. 12)	42 3,740 ⁹⁸	3,994 ¹⁵⁴	6,244
5. Financial and borrowing costs of the non-life segments			
a) Investment management costs and interest expense	43	99 ⁹⁹	155 ¹⁵⁵
b) Value adjustments on investments	44	100 ¹⁰⁰	156 ¹⁵⁶
c) Losses on investment disposals	45	101 ¹⁰¹	157 ¹⁵⁷
Total	46	102 ¹⁰²	158 ¹⁵⁸
6. (-) Share of profit from investments transferred to the technical account of non-life segments (item I.2)	47	103 ¹⁰³	159 ¹⁵⁹
7. Other income	48 490 ¹⁰⁴	362 ¹⁶⁰	799
8. Other charges	49 867 ¹⁰⁵	665 ¹⁶¹	1,514
9. Profit/loss from ordinary operations	50 10,397 ¹⁰⁶	15,211 ¹⁶²	29,764
10. Extraordinary income	51 6 ¹⁰⁷	7 ¹⁶³	94
11. Extraordinary charges	52 190 ¹⁰⁸	109 ¹⁶⁴	111
12. Profit/loss from extraordinary operations	53 -184 ¹⁰⁹	-102 ¹⁶⁵	-17
13. Profit/loss before tax	54 10,213 ¹¹⁰	15,109 ¹⁶⁶	29,747
14. Tax on profit for the period	55 4,025 ¹¹¹	6,544 ¹⁶⁷	12,066
15. Net profit (loss) for the period	56 6,188 ¹¹²	8,565 ¹⁶⁸	17,681

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 Reggio Emilia, via Mirabello 2

Share capital €71,600,160

Taxpayer's Code 01437550351

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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

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COMMENTS ON THE HALF-YEARLY REPORT
AS AT 30 JUNE 2015

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COMMENTS ON THE HALF-YEARLY REPORT AS AT 30 JUNE 2015

These comments have been prepared in accordance with ISVAP Regulation no. 22 of 4 April 2008. More specifically, they are organised into the following parts:

A - information on operations;

B - measurement criteria;

C - notes to the Balance Sheet;

D - notes to the Income Statement;

E - further information.

Each part of the comments is broken down, in turn, into sections, each of which uses notes, statements and details to illustrate individual aspects of the company's operations.

Furthermore, all other complementary information is provided with a view to illustrating the balance sheet and the income statement information for the half year.

The half-yearly report as at 30 June 2015 has been prepared in accordance with the statements and the procedures envisaged by the Supervisory Body for Insurance Companies.

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

This report has been translated from the original version of Financial Statement in Italian.

This report has been translated into the English language solely for the convenience of international readers.

PART A - INFORMATION ON OPERATIONS

a) Company situation and overall business performance

Changes in legislation in this sector

The most significant regulations and provisions issued by IVASS and other Supervisory Authorities in the first half of 2015 related to this sector are listed below along with some notes relating to their impacts on the operations of Credemvita.

IVASS – Provision no. 28 of 27 January 2015

On 27 January 2015, IVASS issued Provision no. 28/2015 containing amendments to IVASS Regulation no. 01/2013, concerning the procedure for the application of monetary administrative penalties.

IVASS – Provision no. 29 of 27 January 2015

On 27 January 2015, IVASS issued Provision no. 29/2015 containing amendments to Regulation no. 7/2007, concerning the financial statements of insurance and reinsurance companies that are required to adopt the international accounting standards pursuant to Title VIII, Chapter I, Chapter II, Chapter III and Chapter V of Legislative Decree 209/2005.

IVASS - Regulation no. 8 of 3 March 2015

On 3 March 2015, IVASS issued Provision no. 08/2015 concerning the definition of measures to simplify procedures and obligations relating to contractual relationships between Insurance Companies, Intermediaries and Customers, implementing article 22, paragraph 15 bis of Decree Law 179/2012 converted into Law 221/2012.

The Regulation envisages numerous changes, summarised as follows:

- obligation for intermediaries registered with the RUI and for insurance companies to obtain a certified electronic mail address, which must be

indicated in contracts, in correspondence and, where such exists, on its website;

- recommendation to use advanced, eligible, digital electronic signatures for the signature of policies and documents relating to insurance contracts;
- recommendation to provide customers with electronic payment instruments, including those on-line, for the payment of insurance premiums;
- the possibility of receiving/transmitting pre-contractual and contractual documents electronically;
- adoption by Companies and Intermediaries of document management procedures which enable the same to avoid, when setting up new contracts or managing claims, requests for unnecessary documents or documents that the company already has, having obtained the latter at the time of previous dealings with the same customer, and which are still valid, with a view to reducing the charges to be paid by the same customers/insured parties.

In this regard, with the coordination of the Business Support Service and the Commercial Department, as well as the involvement of other relevant company Functions, the Company has set in place a specific project related to the implementation of new mandatory regulatory provisions, in accordance with the deadlines dictated by the same Supervisory Authority.

IVASS – Provision no. 30 of 24 March 2015

On 24 March 2015, IVASS issued Provision no. 30/2015 containing amendments to IVASS Regulation no. 24/2008, concerning the procedure for the submission of claims to ISVAP and the management of claims by Insurance Companies.

In this regard, in collaboration with the Claims Function, and with the involvement of the other company functions concerned, the Company has organised the activities needed to implement the new regulatory provisions, in accordance with the deadlines dictated by the same Supervisory Authority.

COVIP - Resolution of 1 April 2015

On 1 April 2015, COVIP issued the captioned resolution concerning amendments to the method to be adopted to calculate the synthetic indicator of the costs set forth in previous resolution dated 21 October 2003 called “*Adoption of statutory and regulatory statements and information notes*”.

IVASS – Provision no. 36 of 13 July 2015

On 13 July 2015, IVASS issued Provision no. 36/2015 entitled “*Communication of certified electronic mail address by insurance intermediaries registered in sections A, B and D of the Single Register of insurance and reinsurance intermediaries*”.

Although this Provision does not directly apply to the Company, it has been included with a view to the obligations of the insurance brokers the Company uses to distribute its products.

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

- **IVASS letter no. 49-15-000905 to the market dated 20 March 2015**, entitled “*Digital Administration Code - Use of certified electronic mail addresses in correspondence with the Institute*”;
- **IVASS letter no. 51-15-000403 to the market dated 24 March 2015**, entitled “*Solvency II - Publication of EIOPA guidelines on the system of the forward looking assessment of risks and consequent clarifications in preparation for Solvency II*” and containing, in particular, additional information on the preparation of the Forward Looking Assessment of Own Risks (FLAOR) required as at 30 June 2015;
- **IVASS letter no. 809-15 to the market dated 30 March 2015**, entitled “*Reporting Solvency II - Preparatory Phase - Further instructions on the transmission of information to IVASS*”, which also regards the specific deadlines for the submission of QRTs;
- **IVASS letter no. 89588 to the market dated 28 July 2015**, entitled “*Solvency II - Publication of EIOPA guidelines on the system of governance*”

and consequent clarifications in preparation for Solvency II, in particular, on the actuarial function”;

- **IVASS letter no. 94336/15 to the market dated 3 August 2015**, entitled “*Solvency II: calculation of capital solvency requirement with the standard formula - adjustment for the capacity to absorb deferred tax losses*”.
- **the joint letter of IVASS and the Bank of Italy no. 0106596/15 dated 26 August 2015**, entitled “*Policies combined with loans (PPI - Payment Protection Insurance) - Measures to protect customers*”, in which the two Authorities, following problems identified during supervisory activities conducted with regard to the offer of policies sold in combination with loans, provide some recommendations for Insurance Brokers registered under letter D of the RUI and for Insurance Companies, with a view to improving the quality of the products and services offered, in order to protect the insured parties; following this letter, the Company set in place a specific Working Group in order to identify and implement measures and action to bring it in line with the recommendations of the Supervisory Authorities and, specifically, of IVASS, also in accordance with the deadlines indicated.

Lastly, the legislative provisions issued in the first half of 2015 that are expected to impact the Company’s operations are listed below:

- **Legislative Decree no. 66 dated 7 May 2015**, concerning amendments to Legislative Decree 252/2005 through the introduction of paragraph 5-*quinquies* to article 6, which envisages an obligation for Pension Funds to adopt adequate organisational procedures and means to assess the creditworthiness of the entities or the instrument in which they are investing, and not exclusively and automatically depending on the ratings issued by the international agencies;
- **Legislative Decree no. 74 dated 12 May 2014** which, implementing Directive 2009/138/EC regarding the access and exercise of insurance and reinsurance activities (so-called Solvency II Directive), made significant amendments to the Private Insurance Code (so-called PIC) in terms of capital

- requirements, corporate governance, system of internal audits, takes and responsibilities of the Management Body, exercise of Supervision by IVASS;
- **Law no. 95 dated 18 June 2015**, which ratifies and executes the Agreement between the Italian and US Governments as regards “FATCA” legislation.

Development of Information Systems:

In the first half of 2015, the main developments relating to the company’s information systems regarded:

- the implementation of the infrastructure and of systems for Solvency II, and in particular those relating to PILLAR 3 of the same directive;
- the assessment of different market alternatives and the choice of a procedure to automate and manage the company’s outward reinsurance;
- the implementation of new automated processes on the “workflow” and “document management” platforms already used by the Company;
- the introduction of Business Intelligence systems and applications for the planning and control area;
- the activation of a project stream dedicated to assessing market alternatives in the area of Data Governance;
- the migration to the latest version of the Prophet application, used as a calculation engine for actuarial valuations and for risk scenarios;
- the study and introduction of new payment systems available to customers and compatible with SEPA standards;
- the reorganisation of company servers, with assessments on replacement/virtualisation, eventual relocation, reorganisation of disks and disk space;
- the launch of a project whose objective is to reduce paper as the medium for the material that is usually submitted to the Board of Directors and the use of mobile devices to view these documents digitally.

Sales performance

As at 30 June 2015, Credemvita had issued a total of 9,467 new policies (of which two CPI contracts) with 12,459 new subscriptions underlying CPI contracts; in the same period of the previous year, new contracts amounted to 9,617 (of which three CPI contracts) with 12,227 subscriptions to CPI contracts.

The details of the new contracts are provided below:

Segment	New contracts 30/06/2015	New contracts 30/06/2014
Segment I	4,520	7,932
Segment III	4,476	1,281
Segment V	0	0
Segment VI	471	404
Total	9,467	9,617

The insurance portfolio recorded an increase of 7%, rising from 103,388 contracts (of which 14 CPI contracts with 77,139 underlying subscriptions) as at 30 June 2014, to 110,801 contracts (including 15 CPI contracts with 78,434 underlying subscriptions) as at 30 June 2015.

Premiums collected by the Company, before reinsurance, amounted to € 980,528 thousand, up 31.2% compared to €747,506 thousand premiums collected in the same period of the previous year.

The second quarter of the year was characterised by a much improved sales trend compared to the previous year, due to the fact that the Group networks made decisive efforts to focus and push Unit Linked products, part of a commercial offer that has already been considerably restructured to meet the specific needs of affluent and private customers.

Once the range of these products was completed at the end of 2014 with the launch of the Unit Collection Private policy, addressed to very high profile customers from

the Group's private banking networks, they received considerable appreciation with the respective customers, seeking higher returns and better performing assets from a risk and yield perspective, with respect to the alternatives available on the market.

Collections of policies subject to revaluation recorded positive results, although without the peaks that characterised the previous year, due to lower returns offered in comparison to the end of the previous year, aligned with the trend in market interest rates.

Gross collections of around €980,528 thousand break down into €341,298 thousand for segment I and V policies subject to revaluation, down compared to June 2014 when these policies had recorded collections of €519,267 thousand, €622,295 for Linked products, exclusively relating to Unit type policies, which rose sharply against 2014 by €211,367 thousand, corresponding to an increase of 194%, and €16,936 thousand for the Pension Fund and temporary policies for coverage in the event of death, stable (+0.4%) compared to the figure for 30 June 2014. More specifically, however, in the latter regard note that the policies that more directly relate to the need for personal protection and to safeguard the quality of family life (temporary policies for coverage in the event of death and credit protection policies) rose from €6,408 thousand to €6,984 thousand, marking an increase of 9%, while collections for the Pension Fund were €9,952 thousand, down 5% against the figure recorded as at 30 June 2014.

Guaranteed-rate policies showed a steady increase, due to the good performance of policies in the "Investire Sicuro" (Safe Investments) range; the sharp rise in Unit-linked policies was instead guaranteed by the sustained flow of premiums related to the Private Collection product, which in the first six months of the year collected €223,095 thousand, as well as the continuing uptrend of the Collection and Global View products (premiums of €251,152 thousand and €146,198 thousand respectively).

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 €-275 thousand (€-441 thousand at the end of the corresponding period of last year).

The income statement recorded a net profit for the period of €6,189 thousand (€8,565 thousand as at 30 June 2014) making a fall of 27.73%.

Despite the positive performance recorded for financial management, which right from the beginning of the year further consolidated the returns achieved on Separate Portfolios (despite the significant flow of incoming assets channelled by policies subject to revaluation) and the sharp increase in volumes of segment III policies, the half year was characterised by a lower net profit than that of the same period last year.

This decrease is mainly due to net losses resulting from the valuation of securities as at 30 June 2015, which amounted to €9,286 thousand (€1,964 thousand as at 30 June 2014).

The table below illustrates the main balance sheet and income statement items compared to figures as at 31 December 2014 and 30 June 2014.

Main balance sheet items (in €thousand)

	30/06/15	31/12/14	30/06/14	Change 06/15 12/14
Assets				
. Intangible assets	1,046	944	925	102
. Investments in group companies and other investees	0	0	0	0
. Other financial investments	3,077,394	2,805,663	2,618,009	271,731
. Investments benefitting policyholders	1,948,264	1,432,964	1,186,226	515,300
. Technical reserves attributable to reinsurers	2,725	2,419	2,291	306
. Receivables, other asset items and accruals and deferrals	166,769	157,389	152,951	9,380
Total assets	5,196,198	4,399,379	3,960,402	796,819
Liabilities				
. Shareholders' equity	162,863	156,675	147,559	6,188
. Technical reserves	3,041,832	2,752,233	2,591,030	289,599
. Technical reserves where the investment risk is borne by policyholders	1,946,788	1,429,519	1,184,600	517,268
. Provisions for risks and charges	114	174	273	-60
. Payables, accruals and deferrals and other liabilities	44,601	60,778	36,940	-16,177
Total liabilities	5,196,198	4,399,379	3,960,402	796,818

Main income statement items (in €thousand)

	30/06/15	31/12/14	30/06/14	Change 06/15 06/14
. Premiums for the period, net of reinsurance transfers	979,618	1,275,215	747,039	232,579
. Income from investments	99,290	145,493	81,784	17,506
. Income relating to investments benefiting policyholders	63,432	76,954	40,879	22,553
. Technical income net of reinsurance	7,467	13,532	6,595	872
. Charges for claims, net of reinsurance	-256,408	-373,341	-217,450	-38,959
. Change in reserves	-800,804	-1,008,819	-602,140	-198,664
. Reversals and participation in profits, net of reinsurance transfers	0	0	0	0
. Management costs	-10,507	-18,101	-8,688	-1,819
. Financial and borrowing costs	-31,625	-36,412	-12,166	-19,459
. Costs relating to investments benefiting policyholders	-19,891	-14,314	-6,788	-13,103
. Other technical charges, net of reinsurance	-19,797	-29,728	-13,552	-6,245
. (-) Share of profit from investments transferred to the non-technical account	-3,740	-6,244	-3,994	254
Profit/loss of the technical account	7,035	24,235	11,519	-4,485
. (+) Share of profit from investments transferred from the technical account	3,740	6,244	3,994	-254
. Other income and charges	-378	-715	-303	-74
Profit/loss from ordinary operations	10,397	29,764	15,210	-4,813
. Extraordinary income and charges	-183	-18	-102	-81
Profit/loss before tax	10,214	29,746	15,108	-4,894
Income taxes for the period	-4,026	-12,066	-6,544	2,519
Net profit (loss) for the period	6,188	17,680	8,564	-2,375

b) Evolution of the insurance portfolio

Business increased considerably with respect to the same period of 2014, and was mainly focused on segment II products, which recorded collections accounting for 63.5% of the total.

Segments I and V represent 35.5% of total premiums, whereas they represented 70.3% of the total in the same period of the previous year.

Segment VI recorded a slight decrease in terms of its percentage of the portfolio against 2014, and represented 1.0% of the total.

The Company's portfolio, with premiums collected during the period amounting to € 980,528 thousand, showed uptrends for the main product lines with respect to 30 June 2014, as illustrated in the table below.

Gross premiums for Unit Linked policies recorded a significant rise, with an increase in absolute terms of €410,928 thousand (+194.4%) and a decrease in guaranteed-rate policies of €177,969 thousand (-34.3%).

Summary of gross premiums in the first half of 2015 (in €thousand)

Products	30/06/2015	30/06/2014	% Change
Unit-Linked linked to external funds	475.499	195.468	+143.3%
Guaranteed-rate policies	341.298	519.267	-34.3%
Unit-Linked linked to internal funds	146.795	15.898	+823.3%
Death cover	6.984	6.408	+9.0%
Pension Funds	9.952	10.465	-4.9%
Total	980.528	747.506	+31.2%

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):

	30/06/15	30/06/14	Change
Claims:			
. Segment I	36,117	31,002	5,115
. Segment III	14,943	9,463	5,480
<i>Total claims</i>	<i>51,060</i>	<i>40,465</i>	<i>10,595</i>
Maturity			0
. Segment I	6,490	3,891	2,599
. Segment III	35,938	1,040	34,898
. Segment V	89	146	-57
. Segment VI	1,045	617	428
<i>Total maturity</i>	<i>43,562</i>	<i>5,694</i>	<i>37,868</i>
Surrenders			0
. Segment I	62,228	68,260	-6,032
. Segment III	88,134	96,269	-8,135
. Segment V	3,105	1,182	1,923
. Segment VI	2,766	3,337	-571
<i>Total surrenders</i>	<i>156,233</i>	<i>169,048</i>	<i>-12,815</i>
<i>Annuity (Segment I)</i>	<i>18</i>	<i>11</i>	<i>7</i>
<i>Settlement expenses</i>	<i>108</i>	<i>68</i>	<i>40</i>
<i>Change in reserve for amounts to be paid</i>	<i>5,804</i>	<i>2,260</i>	<i>3,544</i>
<i>Claims attributable to reinsurers</i>	<i>-332</i>	<i>-23</i>	<i>-309</i>
<i>Change in reserve for amounts to be paid by reinsurers</i>	<i>-45</i>	<i>-73</i>	<i>28</i>
Total charges for claims	256,408	217,450	38,958

As the table below shows, charges relating to claims, net of reinsurance, rose in all segments, increasing from € 217,450 thousand as at 30 June 2014 to € 256,408 thousand as at 30 June 2015 (+17.9%).

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

	30/06/2015	30/06/2014	Change
Total charges for claims:			
. Segment I	105,562	99,766	5,796
. Segment III	143,557	112,264	31,293
. Segment V	3,033	1,227	1,806
. Segment VI	4,256	4193	63
Total charges for claims	256,408	217,450	38,958
Ratio of claims to premiums:			
. Segment I	30.91%	19.21%	
. Segment III	23.07%	53.11%	
. Segment V	51.89%	20.60%	
. Segment VI	42.76%	40.07%	
Ratio of claims to premiums	26.17%	29.11%	

d) Performance of insurance business exercised as the liberal provision of services and through secondary offices in EU and 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.

The technical balance of reinsurance in the first half of 2015 was a loss of €275 thousand.

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

In the first half of 2015, the following new products were added to the catalogue:

- INVESTIRE SICURO (Rate 60089):
Assurance on survival to a stipulated age or an earlier death, subject to revaluation, with a single premium (segment I), with benefits linked to the return of the “Credemvita II” separate portfolio. The rate has duration of 4 years, with an “automatic” extension: after the first year, full or partial surrender is allowed with a surrender penalty applied for the transactions carried out in the second and third year of its duration. Annual management cost: 1.80%
- INVESTIRE SICURO CEDOLA (Rate 60090):
This is a segment I product with an annual revaluation recognised in the form of a dividend for the customer.
Without reference to the methods for recognising annual revaluations (coupons), the product has the same characteristics as the “Investire Sicuro - Rate 60089” product (assurance on survival to a stipulated age or an earlier death, subject to revaluation, with a single premium (segment I), with benefits linked to the return of the “Credemvita II” separate portfolio) currently being placed:
 - duration of 4 years with automatic deferment;
 - single minimum premium of €5,000.00;
 - surrender permitted after one year from commencement (with exit penalties in the 2nd and 3rd year);
 - annual management cost of 1.80%
- During the half year, the Products already in the catalogue and the above two products were updated (for the latter the minimum rate recognised for the revaluation as at 31 December 2015 was revised: from 29 June it fell from 1.25% to 1.00%).

Fundamental aspects of the investment policy and returns achieved

As regards class “C”, the investment policy continued to favour Government bonds (54.3% of the portfolio against 61.2% as at 31 December 2014), in particular Italian Government bonds represent 79.9% of the portfolio. The component invested in corporate bonds fell slightly (19.9% of the portfolio against 21.1% as at 31 December 2014) while the mutual fund and SICAV component of the portfolio rose (25.8% against 17.7% as at 31 December 2014). All of the corporate bonds in separate portfolios have been issued by “investment grade” issuer and are highly liquidable. In separate portfolios, the financial duration of the asset is maintained temporarily lower than the financial duration of the liability (“Credemvita” 5.6 years against 7.5 years and “Credemvita II” 3.1 years against 3.8 years), due to expectations of a rise in market interest rates in coming months.

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 “Credemprevidenza”.

The following table summarises the distribution of the investments belonging to class “C” of the Balance Sheet (amounts in €thousand), compared to 31 December 2014.

Investment type	30/06/2015	%	31/12/2014	%	% Change
. Government bonds	1,670,384	54.3%	1,716,730	61.2%	-2.7%
. Bonds	613,629	19.9%	593,084	21.1%	3.5%
. Mutual funds and SICAVs	793,381	25.8%	495,848	17.7%	60.0%
Total	3,077,394	100.0%	2,805,662	100.0%	9.7%

