

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 Sani 1

Share capital € 121,600,160

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 2020

COMMENTS ON THE HALF-YEARLY REPORT AS AT 30 JUNE 2020

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 in the first half (including the subsequent months of July and August) affecting the operations of the company are listed below.

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

IVASS - Letter to the Market of 17 July 2020. New protocol for the exchange of information - deadline of the operational parallel and launch of the Infostat "quarterly premium" survey (PTRIM);

IVASS - Letter to the Market of 17 June 2020. New protocol for the exchange of information - operational parallel. Activation of new "foreign premiums" survey;

IVASS - Letter to the Market of 18 May 2020. New protocol for the exchange of information - operational parallel. Activation of BILIN and BILCO survey;

IVASS - Letter to the Market of 20 March 2020. New protocol for the exchange of information - operational parallel;

IVASS - Letter to the Market of 17 March 2020. Joint IVASS - Bank of Italy communication: offering of products bundled with loans;

IVASS - Letter to the Market of 19 February 2020. New IT procedure - Register of Companies and Insurance Groups for the management of personal/company data - operational parallel phase;

IVASS - Letter to the Market of 7 February 2020. Self-assessment of the risk of money laundering and terrorism financing. Annual report of the anti-money laundering unit;

IVASS - Letter to the Market of 16 January 2020. New protocol for the exchange of information - quarterly statistical recognition of premiums.

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

COVIP - Resolution of 29 July 2020. Directives on the forms of supplementary pensions regarding the amendments and additions in Legislative Decree no. 252 of

5 December 2005 by Legislative Decree no. 147 of 13 December 2018, in implementation of (EU) directive 2016/2341.

COVIP - Resolution of 29 July 2020. Regulation on COVIP's sanction procedure.

COVIP - additional indications on forms of supplementary pensions resulting from the adoption of urgent measures regarding the containment and management of the epidemiological emergency, pursuant to Decree Law of 23 February 2020 and subsequent provisions (Circular of 20 March 2020, prot. no. 1231).

COVIP - additional indications on forms of supplementary pensions resulting from the adoption of urgent measures regarding the containment and management of the epidemiological emergency, pursuant to Decree Law of 23 February 2020 and subsequent Decrees of the President of the Council of Ministers (Circular of 11 March 2020, prot. no. 1096).

a.2. Evolution of Information Systems

In the first half of 2020, the main developments relating to the information systems of company governance regarded,

for the projects:

- the launch of developments of masking of test environments and the cancellation in production of sensitive data according to the provisions of the GDPR;
- completion of the assessment of the current data governance model of the company and the evaluation of potential organisational, architectural and technological developments, identifying areas of intervention on data management processes and on the perimeter of company information assets;
- the completion of the evaluations for the upgrade and optimisation of the technological infrastructure of the actuarial and risk assessment engine, also in anticipation of future developments deriving from the introduction of IFRS 17 and the launch of the associated development project;
- the analysis which led to the design of a new IT architecture, needed for the adjustment into line with the new accounting standard IFRS 17, which will see the implementation of the new data management processes and the introduction of a new advanced accounting engine for reconciliation between the Actuarial and Accounting/Budget systems;
- the analysis of the evolution of the Finance organisational model to adjust it into line with the company's strategic objectives and the subsequent negotiation with the securities management program provider for the implementation of live position-keeping processes, ex-ante monitoring of investment limits and proxies.

For developments:

- the adjustment of work environments to support smart working;
- the conclusion of the updating of the claim management workflow and the preparation of a report dashboard for the associated analysis;
- the increase in efficiency of the information request workflow by customers;
- the evolution of the release of various systems including the tool for segment III investments and the portfolio management system;
- the implementation, in the anti-money laundering domain, of an automated system for the monthly control and verification of the Single Computerised Archive with the technical/accounting registers present in the DWH;
- the definition of a Change Management process for user developments in the actuarial world, the creation of the associated IT support structures and the preparation of a new authorisation workflow;
- the continuation of the upgrading of the platform used to manage the processes of preparation of data for Solvency II reporting;
- the acknowledgement and verification of the contractual addenda set forth in Regulation 38/2018 of IVASS to govern the obligations and responsibilities of

- outsourcers (Credem, RGI, Previnet, Oasi, Credemtel, Studio Informatica, And Emili and Fairmat) in relation to Security Governance, Management and monitoring of Security Incidents and Management and monitoring of Emerging Threats;
- the completion of the installation and configuration of a tool at the Risk Management office in order to manage operating and IT risk scenarios;
 - the launch of the IT risk evaluation process as set forth in IVASS regulation 38;
 - the updating documentary framework relating to System Administrators;
 - the upgrade, where necessary, of the operating system of all PCs due to end of support for the previous version;
 - the almost complete elimination of fixed telephone and provision of multi-media equipment in meeting rooms;
 - the launch of analyses for the introduction of replacement storage for the accounts produced by the Remote Banking system, replacing the current service provided on digital media;
 - the overhaul of the interface vis-à-vis the bank of the company's portfolio for the composition of the integrated customer position.

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

- Rebranding of the Global View product (now Simple Life) of segment III relating to internal funds with strengthening of death cover insurance guarantees, rationalisation of investment lines and pricing repositioning.
- Placement of two new investment segment I products, one for the retail channel and one for the private channel, able to guarantee the company a lower capital absorption (so-called Capital light).
- Participation in the bank project called HUBINS, aimed at simplifying, automating and digitalising both the placement processes and the post-sales processes of insurance investment products. In the first half of 2020, the switch request and additional payment functions were released.
- Implementation of the new reserved area (Home Insurance) targeted at both increasing the information content available to policy-holders and to allow them to carry out instructions such as surrenders and subsequent payments (adjustment Reg. 41/2018 IVASS).
- Placement of the new CPI product called Protezione Mutuo Business (tariff 768), dedicated to companies that use loans placed by Credem and guaranteed by the Government according to the provisions of Law no. 40 of 5 June 2020.
- Implementation of initiatives notified to COVIP by means of letter sent to it on 10 January 2020, following their inspection assessment relating to FPA Credemprevidenza. Implementation of said initiatives also on the product PIP Credemvita Futura.
- Placement of a new segment III product relating to external funds, CredemVita Collection EVO, dedicated to the channel of financial advisors of Credito Emiliano, replacing the tariff CredemVita Collection PRO. With respect to the previous one, the new product presents an addition to the death cover insurance guarantees, a repositioning of the pricing and rationalisation of underlying SICAVs.
- Possibility to invest in new SICAVs for subscribers of the following segment III products:
 - Credemvita Collection PRO (60083)
 - Credemvita Collection (60073)
 - Credemvita Collection EVO (60096)
 - Credemvita Private Collection (60091)

a.3. Sales performance

As at 30 June 2020, Credemvita had issued a total of 6,532 new policies (of which one CPI contract) with 12,646 new subscriptions underlying CPI contracts; in the same period of the previous year, new contracts amounted to 6,806 (of which four CPI contracts) with 13,326 new subscriptions.

The details of the new contracts are provided below:

Segment	New contracts 30/06/2020	New contracts 30/06/2019
Segment I	4,890	5,462
Segment III	1,073	642
Segment V	0	0
Segment VI	569	702
Total	6,532	6,806

The insurance portfolio recorded an increase of 0.7%, rising from 124,912 contracts (of which 19 CPI contracts with 91,040 underlying subscriptions) as at 30 June 2019, to 125,839 contracts (including 20 CPI contracts with 91,481 underlying subscriptions) as at 30 June 2020.

Premiums collected by the company, before reinsurance, amounted to € 450,625 thousand, up 3.3% compared to € 436,342 thousand premiums collected in the same period of the previous year.

The first half of the year was characterised by better sales results than the same period of the previous year, thanks to the increase in premiums collected from products subject to revaluation, which offset the decrease in income from Unit-Linked products.

Gross collections were € 450,625 thousand in the first half of 2020, € 250,272 thousand of which refers to segment I and V policies subject to revaluation, a growth compared to 2019, characterised by gross collections of € 202,171 thousand; € 169,905 thousand refers to Linked products, exclusively related to Unit type policies, down against 2019, characterised by gross collections of € 204,036 thousand. Policies for coverage in the event of death and Credit protection policies recorded premiums of € 11,810 thousand, down -5% compared to 2019; the Pension Fund recorded premiums collected of € 18,638 thousand, growth of +6% against the first half of 2019.

The income statement recorded a net loss for the period of € -6,923 thousand (€ 30,243 thousand as at 30 June 2019), disclosing a significant decrease.

This increase is mainly due to the following operating events:

- The negative net gain/loss balance deriving from the valuation of securities as at 30 June 2020, which had a negative impact for € 30,758 thousand (as at 30 June 2019, a positive net gain/loss balance of € 16,231 thousand);
- An increase in the amount of revenues attributable to the portfolio of core Segment III Unit-Linked policies and absence of overperformance commissions present at 30 June 2019 for € 2,775 thousand;
- A decrease in income from the separate management portfolio and the owned portfolio;
- A slightly increased cost base compared to that of the first half of 2019;

The table below illustrates the main balance sheet and income statement items compared to figures as at 31 December 2019 and 30 June 2019.

Main balance sheet items (in € /thousand)

	30/06/20	31/12/19	30/06/19	Ch. 06/20 12/19
Assets				
Intangible assets	8,924	9,044	7,973	-120
Investments in Group companies and other investees	0	0	0	0
Other financial investments	4,018,243	3,759,843	3,954,452	258,400
Investments benefitting policyholders	3,320,142	3,450,763	3,276,859	-130,621
Technical reserves attributable to reinsurers	17,569	16,859	17,038	710
Receivables, other asset items and accruals and deferrals	379,971	579,874	269,442	-199,903
Total assets	7,744,849	7,816,383	7,525,764	-71,534
Liabilities				
Shareholders' equity	256,752	263,676	233,922	-6,924
Subordinated liabilities	105,000	105,000	105,000	0
Technical reserves	4,024,572	3,890,842	3,863,430	133,730
Technical reserves where the investment risk is borne by policyholders	3,320,003	3,450,625	3,275,551	-130,622
Provisions for risks and charges	337	337	133	0
Payables, accruals and deferrals and other liabilities	38,185	105,903	47,728	-67,718
Total liabilities and shareholders' equity	7,744,849	7,816,383	7,525,764	-71,534

Main income statement items (in €/thousand)

	30/06/20	31/12/19	30/06/19	Ch. 06/19 06/18
Premiums for the period, net of reinsurance transfers	447,368	884,559	432,859	14,509
Income from investments	102,654	199,256	114,802	-12,148
Income relating to investments benefiting policyholders	74,543	352,010	228,074	-153,531
Technical income net of reinsurance	7,181	20,941	12,337	-5,156
Charges for claims, net of reinsurance	-360,541	-735,882	-399,588	39,047
Change in reserves	22,607	-455,806	-246,764	269,371
Reversals and profit-sharing, net of reinsurance transfers	0	0	0	0
Management costs	-8,011	-15,012	-7,244	-767
Financial and borrowing costs	-88,668	-75,598	-46,696	-41,972
Costs relating to investments benefiting policyholders	-177,038	-32,769	-19,850	-157,188
Other technical charges, net of reinsurance	-25,044	-54,657	-27,877	2,833
(-) Share of profit from investments transferred to the non-technical account	0	-10,051	-5,329	5,329
Result of the technical account	-4,949	76,991	34,724	-39,673
(+) Share of profit from investments transferred from the technical account	0	10,051	5,329	-5,329
Other income and charges	-3,665	-7,500	-3,329	-336
Profit/loss from ordinary operations	-8,614	79,542	36,724	-45,338
Extraordinary income and charges	-178	6,497	6,498	-6,676
Profit before tax	-8,792	86,039	43,222	-52,014
Income taxes for the year	1,869	-26,042	-12,979	14,848
Net profit (loss) for the year	-6,923	59,997	30,243	-37,166

b. Evolution of the insurance portfolio

Production recorded an increase compared to the same half of 2019, concentrated primarily on segment I and V products that account for 58.2% of total premiums; segment III generated premiums equating to 37.7% of the total.

Segment VI recorded an increase in terms of its percentage of the portfolio against 2019, and represented 4.1% of the total, compared with 4.0% in 2019.

The company's portfolio, with premiums collected during the period amounting to € 450,625 thousand, showed a growth trend overall with respect to 30 June 2019, as illustrated in the table below.

Gross premiums for guaranteed rate policies recorded an increase in absolute terms of € 48,100 thousand (+24%), while those referring to Unit-Linked policies decreased by € 34,130 thousand (-17%).

The premiums of products with temporary cover in case of death and credit protection policies fell by 5%; the Open-end Pension Fund rose by +6%.

Summary of gross premiums in the first half of 2020 (in €/thousand)

Products	30/06/20	30/06/19	% Change
Unit-Linked related to external funds	136,431	188,354	-28%
Guaranteed-rate policies	250,272	202,171	+24%
Unit-Linked related to internal funds	33,474	15,682	+113%
Death cover	11,810	12,489	-5%
Pension Funds	18,638	17,646	+6%
Total	450,625	436,342	+3%

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):

	30/06/20	30/06/19	Change
<i>Claims:</i>			
Segment I	56,688	41,170	15,518
Segment III	33,252	47,375	-14,123
Total claims	89,940	88,545	1,395
<i>Maturity:</i>			0
Segment I	10,558	10,416	142
Segment III	4,558	5,309	-751
Segment V	155	0	155
Segment VI	2,941	1,997	944
Total maturity	18,212	17,722	490
<i>Surrenders:</i>			0
Segment I	79,984	110,321	-30,337
Segment III	134,297	170,896	-36,599
Segment V	8,671	5,346	3,325
Segment VI	6,089	6,995	-906
Total surrenders	229,041	293,558	-64,517
Annuity (Segment I)	65	55	10
Settlement expenses	54	61	-7
Change in reserve for amounts to be paid	25,194	1,334	23,860
Claims attributable to reinsurers	-1,777	-1,489	-288
Change in reserve for amounts to be paid by reinsurers	-188	-198	10
Total Charges for claims	360,541	399,588	-39,047

As shown in the table below, the charges relating to claims net of reinsurance fell on the two main segments, Segment I and Segment III, down on the whole from € 399,588 thousand at 30/06/2019 to € 360,541 thousand as at 30/06/2020 (-9.8%).

If we look at the ratio of claims to premiums, in comparison to the same period of the previous year, the ratio has deteriorated due to the sharp downturn in premiums, notwithstanding a slight improvement in claims.

	30/06/20	30/06/19	Change
Total Charges for claims:			
Segment I	153,117	165,503	-12,386
Segment III	189,561	219,762	-30,201
Segment V	8,671	5,639	3,032
Segment VI	9,192	8,684	508
Total Charges for claims	360,541	399,588	-39,047
Ratio of claims to premiums:			
Segment I	61.54%	82.07%	
Segment III	111.57%	69.03%	
Segment V	86.72%	51.29%	
Segment VI	49.32%	45.36%	
Ratio of claims to premiums	80.59%	66.25%	

d. Performance of insurance business carried out under the freedom to provide 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

As of today, the company has only implemented techniques to mitigate the risk of death by purchasing reinsurance coverage, whose purpose is to help guarantee the technical balance, reduce the volatility of the economic results and contain the risk assumed by the company.

The objective pursued by using the reinsurance service is to make the amount of capital at risk held by the company as homogeneous as possible for every policy-holder so that exceptional events relating to or claims by policy-holders with significant insured amounts do not generate impacts as such to put the company's solvency at risk.

At the valuation date, the company has two "risk premium" reinsurance treaties in place with the company Münchener Ruck Italia S.p.A., and a reinsurance treaty with commercial premiums in place with the Reinsurance Company RGA.

Reinsurance treaties are renegotiated annually to make it possible to continuously structure the reinsurance coverage based on the company's changed risk coverage needs.

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. In particular, the Global View product changed name, to the more advanced Simple Life, with a redefinition of the commission component, much more in line with the market and favourable for the customer.

g. Fundamental aspects of the investment policy and returns achieved

As regards class "C", the investment policy continued to favour Government bonds (72.4% of the portfolio against 65.3% as at 31 December 2019), in particular Italian Government bonds represent 41.3% of the total portfolio. The component invested in corporate bonds increased (13.6% of the portfolio against 13.2% as at 31 December 2019) while the mutual fund and SICAV component of the portfolio

decreased (13.9% against 21.5% as at 31 December 2019). Essentially all of the corporate bonds in separate management 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 2019:

Investment type	30/06/2020	%	31/12/2019	%	% Change
Government bonds	2,910,128	72.4%	2,453,451	65.3%	18.6%
Bonds	547,606	13.6%	497,726	13.2%	10.0%
Mutual funds and SICAVs	560,509	13.9%	808,666	21.5%	-30.7%
Premiums from options to be exercised	0	0.0%			
Total	4,018,243	100.0%	3,759,843	100.0%	6.9%

The difference between accounting values and spot market values as at 30 June 2020 is as follows (in €/thousand):

Investment type	Book value	Present value	Difference
Government bonds	2,910,128	2,778,702	-131,426
Bonds	547,606	504,015	-43,591
Mutual funds and SICAVs	560,509	775,562	215,053
Total	4,018,243	4,058,279	40,036

The distribution of investments relating to Unit-Linked policies as at 30 June 2020 is shown below (amounts in €/thousand):

Investment type	30/06/2020	%	31/12/2019	%	% Change
Government bonds and bonds	77,301	2.6%	47,496	1.5%	62.8%
Mutual funds and SICAVs	2,886,614	96.5%	3,072,565	98.4%	-6.1%
Liquidity and other assets	26,350	0.9%	1,886	0.1%	1297.1%
Total	2,990,265	100.0%	3,121,947	100.0%	-4.2%

These investments are recognised at market prices as at 30 June 2020. At said date, the result generated by these investments, including income and losses from trading and the valuation of bonds with respect to their book value, was € -93,364 thousand.

With reference to the 4 sub-funds of the internal “Futura” PIP funds, the book value of the financial instrument categories compared with the previous year is reported below.

Investment type	30/06/2020	%	31/12/2019	%	% Change
Government bonds and bonds	987	14.3%	676	10.7%	46.0%
Mutual investment funds	5,292	76.4%	4,914	78.0%	7.7%
Liquidity and other assets/liabilities	644	9.3%	706	11.2%	-8.8%
Total	6,923	100.0%	6,296	100.0%	10.0%

These investments are recognised at market prices as at 30 June 2020. At said date, the income generated by these investments, including income and losses from trading and the valuation of securities with respect to their book value, was € -304 thousand.

The distribution of investments relating to the open-end pension fund "Credemprevidenza" as at 30 June 2020 is shown below (amounts in €/thousand):

Investment type	30/06/2020	%	31/12/2019	%	% Change
Government bonds and bonds	169,757	52.6%	157,778	48.9%	7.6%
Shares	123,849	38.3%	132,182	41.0%	-6.3%
Mutual investment funds	15,185	4.7%	24,523	7.6%	-38.1%
Liquidity and other assets/liabilities	14,162	4.4%	8,037	2.5%	76.2%
Total	322,953	100.0%	322,520	100.0%	0.1%

These investments are recognised at market prices as at 30 June 2020. At said date, the income generated by these investments, including income and losses from trading and the valuation of securities with respect to their book value, was € -8,827 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 € 121,600,044, divided into 33,565,900 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.

Various 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 and corporate secretary services; postal services; process analysis and internal audit consulting services; personnel secondment; compliance and risk management service; IT services and agreements regarding the use of the digital platforms of the Credem Group and support services in "Fund Selection" activities relating to multi-segment policies.

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.

The following revenues generated by dealings with Group companies and investees pertain to the first half of the year: interest income on current accounts for € 15 thousand, retrocessions of management commissions for € 163 thousand, recovery of expenses for seconded personnel for € 269 thousand; revenues from Credemassicurazioni S.p.A. were also accrued in the period for various services provided (administrative and accounting, organisational and governance, network support and marketing, general services and logistics control) for € 182 thousand. The following costs relating to dealings with Group companies and investees relate to the first half: maintenance fees and commissions for € 26,889 thousand, management and delegation charges of € 167 thousand, interest expense on current account credit balances for € 847 thousand, interest expense on the bond loan of € 1,147 thousand, bank charges of € 65 thousand, IT support and technological outsourcing services for € 30 thousand, rent expense and condominium costs of € 11 thousand, mailing services for € 57 thousand, expenses for personnel seconded to the company for € 228 thousand, bank charges of € 65 thousand and other services for € 868 thousand, of which: € 292 thousand for Credem services of securities depositaries and financial intermediaries, € 209 thousand for Credem services relating to anti-money laundering, compliance and risk management controls, € 258 thousand for support services provided by Euromobiliare Advisory Sim S.p.A. (controlled by Credito Emiliano) for the use of the already mentioned group digital platforms and for selection and advisory activities relating to dedicated internal funds and concerning multi-segment policies.

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

The company constantly monitors the situation and any conditions involving a deterioration in the financial markets where these impact its solvency and will take any other strengthening actions needed to guarantee an adequate level of capitalisation, also under significant stress conditions.

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

From the moment the first signs of the Covid-19 health emergency emerged, the company started to closely monitor the evolution of the situation and the consequent exceptional and extraordinary volatility of the markets, carefully observing the main operational, commercial, economic, financial and solvency indicators. Subsequently, it implemented a monthly rolling forecasting process which continuously re-performs the expected forecast for the end of 2020. The data obtained and relating to the latest monthly forecast available at the date of the transmission of this report (which take account of the final balances as at 30 June 2020) suggest that the year will close with premiums collected of around € 875,000 thousand (€ 890,077 thousand as at 31 December 2019) as defined as part of the forecast process approved by the company's Board of Directors at the meeting on 5 August 2020.

On the economic front, a decreased profit is forecast as at 31 December 2020, compared to the one recorded at the end of the previous year, due mainly to the negative gain/loss balance and the reversal of the positive trend registered at the end of the previous year.

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.

l. 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, is 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	252,082	252,082	-3,257
Segment III	169,906	169,906	
Segment V	9,999	9,999	
Segment VI	18,638	18,638	
Total	450,625	450,625	-3,257

Reinsurance premiums paid

Segment	30/06/20	30/06/19	Change
Segment I	3,257	3,484	-227
Total	3,257	3,484	-227

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	30/06/20	30/06/19	Change
<i>Income from investments:</i>			
Income from investments	41,770	38,006	3,764
Write-backs on investments	296	13,734	-13,438
Profit on investment disposals	60,587	63,063	-2,476
Total income from investments	102,653	114,803	-12,150
<i>Financial and borrowing costs:</i>			
Investment management costs and interest expense	-7,536	-6,477	-1,059
Value adjustments on investments	-45,920	-28,170	-17,750
Losses on investment disposals	-35,212	-12,049	-23,163
Total financial and borrowing costs	-88,668	-46,696	-41,972

Class D (Unit-Linked and Index-Linked)

Item	30/06/20	30/06/19	Change
<i>Income from investments:</i>			
Income from investments	1,258	453	805
Gains on valuations	42,975	162,417	-119,442
Profit on investment disposals	12,883	35,336	-22,453
Income from allocation of shares	683	987	-304
Total income from investments	57,799	199,193	-141,394
<i>Financial and borrowing costs:</i>			
Investment management costs and interest expense	3,649	8,804	-5,155
Losses on valuations	83,132	1,087	82,045
Losses on investment disposals	62,789	990	61,799
Commission on units	1,593	1,521	72
Total financial and borrowing costs	151,163	12,402	138,761

Class D (PIP)

Item	30/06/20	30/06/19	Change
<i>Income from investments:</i>			
Income from investments	29	24	5
Gains on valuations	76	341	-265
Profit on investment disposals	1	5	-4
Total income from investments	106	370	-264
<i>Financial and borrowing costs:</i>			
Investment management costs and interest expense	56	35	21
Losses on valuations	347	0	347
Losses on investment disposals	7	0	7
Total financial and borrowing costs	410	35	375

Class D (Pension Fund)

Item	30/06/20	30/06/19	Change
<i>Income from investments:</i>			
Income from investments	6,006	3,861	2,145
Gains on valuations	3,353	6,368	-3,015
Profit on investment disposals	7,279	18,283	-11,004
Total income from investments	16,638	28,512	-11,874
<i>Financial and borrowing costs:</i>			
Investment management costs and interest expense	1,901	6,317	-4,416
Losses on valuations	16,212	904	15,308
Losses on investment disposals	7,352	191	7,161
Total financial and borrowing costs	25,465	7,412	18,053

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:

	30/06/20	30/06/19	Change
<i>Extraordinary income</i>			
Contingent assets	42	5	37
Profits on disposal of bonds and other long-term fixed-income securities	106	6,573	-6,467
Income from disposal of durable goods	0	0	0
Other extraordinary income	10	0	10
Total extraordinary income	158	6,578	-6,420
<i>Extraordinary charges</i>			0
Contingent liabilities	-14	-76	62
Losses on disposal of bonds and other long-term fixed-income securities	-282	0	-282
Losses from disposal of durable goods	0	0	0
Other	-41	-4	-37
Total extraordinary charges	-337	-80	-257

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

The following corporate bonds classified as long-term were disposed during the period, as a result of the downgrade by rating agencies or the negative revision of the issuer's outlook.

ISIN Code	Description	Nominal value sold	Realised profits	Realised losses
XS1405784015	KHC 2 1/4 05/25/28	3,000	106	0
XS1570260460	SMINLN 2 02/23/27	5,000	0	-66
XS1819574929	ROLLS 1 5/8 05/09/28	2,000	0	-216
Total		10,000	106	-282

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 the following transactions were performed on derivative financial instruments.

Category of contracts	Counterparty	Book value	Market value	Income/charges
Transactions closed				
Options on indexes	Banca IMI	0	0	-121
Futures on currency	Banca IMI	0	0	-548
Futures on indices	Banca IMI	0	0	-1
Options on futures	Banca IMI	0	0	5,068
Total transactions closed		0	0	4,398

Other income statement items

“Other technical income” amounted to € 7,181 thousand and breaks down as follows:

“Other technical income”	30/06/20	30/06/19	Change
Retrocessions on commission for subscriptions of Mutual funds and SICAVs	607	785	-178
Other Unit-Linked policy management commissions relating to external funds	1,051	1,066	-15
Other Unit-Linked policy management commissions relating to internal funds	3,687	4,840	-1,153
Other Pension fund management commissions relating to internal funds	1,815	1,606	210
Overperformance commissions relating to Unit-Linked policies	0	3,981	-3,982
Income for withdrawal rights	4	0	4
Other technical income	17	59	-42
Total	7,181	12,337	-5,156

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.

“Other technical charges” amounted to € 25,044 thousand and broke down as follows:

“Other technical charges”	30/06/20	30/06/19	Change
Bank charges for portfolio management	167	1,570	-1,403
Cancellation of backdated premiums from previous years	31	46	-15
Retrocessions on commission paid to policyholders	607	785	-178
Maintenance commissions	23,987	25,238	-1,251
Other charges	243	230	13
Interest on payables due to reinsurance companies	9	8	1
Total	25,044	27,877	-2,833

As shown in the table above, technical charges remained essentially flat YoY, the growth in bank charges is in contrast with the decrease in retrocessions on commission paid to policyholders and maintenance commissions: this decrease is related to the negative trend in Segment III premiums collected.

Deferred tax assets for the period amounted to € 1,869 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 2020, the fully paid-up Share Capital amounted to € 121,600,044 and was represented by 13,876,000 shares with a par value of € 5.16.

Reggio Emilia, Italy, 11 September 2020

The General Manager