SOLVENCY AND FINANCIAL CONDITION REPORT

31 December 2018

Eurovita Holding S.p.A.

Eurovita Holding S.p.A.

Registered Office and Headquarters:

20141 Milan, Italy

Via Pampuri 13

Fully paid-in Share Capital €1,000,000

Table of Contents

Introduction

This document is the Solvency and Financial Condition Report (in short SFCR - Solvency and Financial Condition Report) of Eurovita Holding S.p.A., as the Holding Company of the Eurovita Group (hereinafter "the Group").

The Eurovita Group, through the company Eurovita Holding S.p.A., has exercised the right set forth in the third sub-paragraph of Article 246, paragraph 4, of Directive No. 2009/138/EC, whereby it has drawn up a single document for itself and for its subsidiaries with regard to own risk and solvency assessment.

The content of this Report is governed by current applicable legislation at European and national level, namely by:

- (EU) Delegated Regulation No. 2015/35 (hereinafter the "Delegated Regulation") supplementing the Directive No. 138 / 2009 of the European Parliament on the taking-up and pursuit of the business of insurance and reinsurance (hereinafter "the Directive") ;
- (EU) Implementing Regulation No. 2015/2452;
- Private Insurance Code, as amended by Legislative Decree No. 74 of 12 May 2015, implementing Directive No. 2009/138/EC (Solvency II);
- IVASS (Italian insurance supervisory authority) Regulation No. 33 of 6 December 2016;
- IVASS Regulation No. 42 dated 2 August 2018.

This document has been structured in sections, the aims of which are highlighted below and then detailed in the remainder:

A. Activities and Results - Aim: represent underwriting and investment results, and results of other Group activities for financial year 2018;
B. Governance System - Aim: provide a concise description of the Governance System in respect of its components and highlight the assessment of the adequacy of such system with respect to the Group's risk profile;
C. Risk profile - Aim: provide a description of the risk profile for each risk module;
D. Assessments for solvency purposes - Aim: illustrate assets, technical provisions, and other liabilities at fair value, provide a description of the basis and methods used for measurement;
E. Capital management - Aim: illustrate the structure and nature of Own Funds, Solvency Capital Requirement, and Minimum Capital Requirement.

Sections D "Assessment for Solvency Purposes", E.1 "Own Funds" and E.2 "Solvency Capital Requirement and Minimum Capital Requirement" were audited by the firm KPMG S.p.A., in charge of the audit of the Company's accounting records, pursuant to Article 47-*septies*, paragraph 7, of the Private Insurance Code and IVASS Regulation No. 42 dated 2 August 2018.

Pursuant to Article 55 of the Directive, the "Solvency and Financial Condition Report" of Eurovita Holding S.p.A. was approved by the Company's Board of Directors on 17 May 2019.

A. ACTIVITIES AND RESULTS

A.1 Activities

A.1.1 Company Name, Legal Form of the Holding Company and Other Information

Eurovita Holding S.p.A. (hereinafter, also referred to as the “Holding Company”) is an insurance holding company, the Holding Company of the Eurovita Group (also the “Group”).

Registered office: Via Pampuri 13 - 20141 Milan

There are no holders of equity investments, whether qualified or not, since the share capital is entirely held by Flavia Holdco Limited.

Eurovita S.p.A. (hereinafter also referred to as the “Company”) is the Group company whose business purpose is the underwriting of insurance and reinsurance risk in the life classes. Its registered office is at Via Frà Riccardo Pampuri 13 - 20141 Milan. At 31 December 2018, 99.45% of the Company was held by Eurovita Holding S.p.A. On 18 April 2019, the Holding Company acquired 0.3669% of the share capital of Eurovita S.p.A. from Banca Popolare di Ragusa. As of such date, therefore, Eurovita Holding S.p.A. has held a total interest of 99.8157% of the share capital of the subsidiary Eurovita S.p.A.

The Company is subject to management and coordination by the majority shareholder Eurovita Holding S.p.A.

A.1.2 Name and Details of the Supervisory Authority Responsible for the Financial Supervision of the Company and the Group

The Authority responsible for the supervision of the Group and of the Company is IVASS, i.e. Istituto per la Vigilanza sulle Assicurazioni, (Italian) Institute for the Supervision of Insurance, whose details are as follows:

IVASS

Istituto per la Vigilanza sulle Assicurazioni

Via del Quirinale, 21

00187 Rome

Eurovita Holding S.p.A. is registered at number 053 of the Register of Insurance Groups kept by IVASS

Eurovita S.p.A., insurance and Reinsurance Company operating in the life business, is registered at number 1.00104 of the Register of Insurance and Reinsurance Companies kept by IVASS

A.1.3 Name and Details of the Company’s Independent Auditor

KPMG S.p.A. is the firm in charge of auditing the accounting records of both Eurovita Holding S.p.A. and of the Group companies, including the Company Eurovita S.p.A.

Details are as follows:

KPMG S.p.A.

Auditing and Accounting Organization

Via Vittor Pisani 25

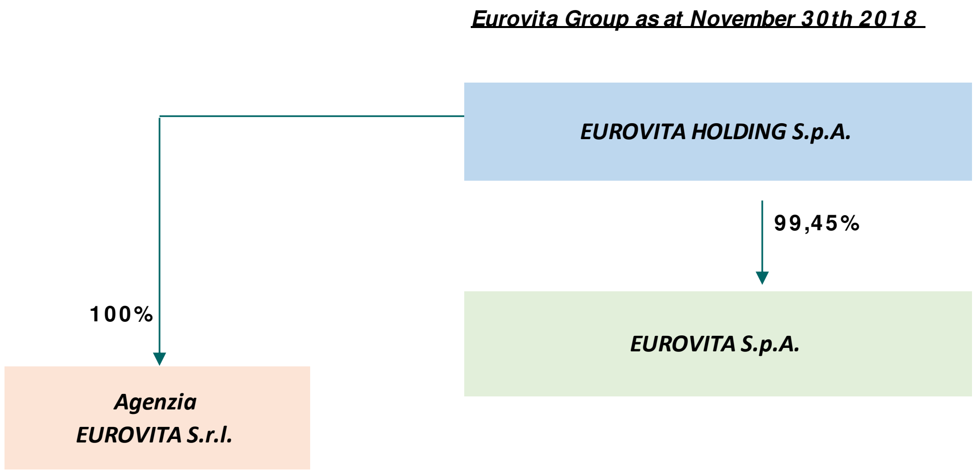
20124 Milan

Share Capital €10,345,200

Register of Companies of Milan and Taxpayer Id. No. 00709600159

A.1.4 Group's Legal Structure and List of Subsidiaries, Investee Companies, or Companies Subject to Unified Management

The organizational structure of the Eurovita Group at 31 December 2018 is shown below:



During 2018, the Insurance Group's composition underwent the following changes.

On 20 June 2018, the companies Agenzia Eurovita S.r.l. and Eurovita S.p.A. transferred their equity investment (respectively 0.52% and 6.21%) held in Eurovita Service S.r.l. to the company Eurovita Holding S.p.A. for an amount of €1,394,584, with the aim of allowing Eurovita Holding S.p.A. to hold 100% of the Group's operating company and to be able to subsequently proceed with the merger with the same. This transaction took place on 20 November 2018 with retrospective accounting and tax effects from 1 January 2018.

As a result of the foregoing, the composition of the Eurovita Group (registered under No. 053 in the IVASS register of Groups) was modified as follows:

1. EUROVITA HOLDING S.P.A. (holding company)
2. EUROVITA S.P.A. (insurance company)
3. AGENZIA EUROVITA S.R.L. (operating company)

A.1.5 Substantial Activity Areas and Substantial Geographic Areas Where Activities Are Carried on

The Group carries on its business activities on Italian national territory, exclusively operating in the life business sector.

Insurance Activities

Eurovita S.p.A. (formerly ERGO Previdenza S.p.A.) is the insurance and reinsurance company of the Eurovita Group, a stake of 99.45% of which is owned by Eurovita Holding S.p.A.

Eurovita S.p.A. operates in the life business sector and is authorized to sell insurance policies in Classes I, III, IV, V, and VI with a current product portfolio that includes insurance solutions aimed at savings, investments - including multi-branch and unit-linked policies - as well as security solutions and social security forms. The company was born out of the merger of Old Mutual Wealth Italy (hereinafter OMWI) and Eurovita Assicurazioni S.p.A. (hereinafter EVA) into Ergo Previdenza (hereinafter EP), which simultaneously changed its corporate name to "Eurovita S.p.A.".

Eurovita operates through an amalgamated sales network essentially comprising distributors of the three original insurance entities that gave rise to the Company:

- Agency channel: 98 agents listed in section A of the Single Register of Intermediaries, 70 of whom are sole agents;
- Brokerage firms: 8 firms listed in section B of the Single Register of Intermediaries;
- Banking Channel: 103 banking institutions operating on Italian national territory, as listed in section D of the Single Register of Intermediaries;
- *S.I.M.* (*Società di Intermediazione Mobiliare*, authorized stockbrokers) and Financial Advisors: 39 entities listed in sections D and E of the Single Register of Intermediaries.

The Company's activities are carried out exclusively in Italy, 36% of which are concentrated in the line of business of "index-linked or unit-linked insurance" and 63% in the business of "insurance with profit participation programs". The residual portion includes security policies and indirect business.

Non-Insurance Activities

Information regarding non-insurance Companies belonging to the Group is presented below.

Eurovita Holding S.p.A. (formerly Phlavia Investimenti S.p.A.) is the Holding Company of the Eurovita Group, registered at no. 053 of the Register of Groups kept by IVASS and carries out the management and coordination of Eurovita S.p.A. (formerly ERGO Previdenza S.p.A.) and Eurovita S.r.l. (formerly ERGO Italia Direct Network S.r.l.).

The table below shows the list of companies in which the company Eurovita Holding S.p.A. directly and indirectly holds the majority of voting rights that may be cast at the annual General Meeting of shareholders.

Company	Direct and indirect % of shares	Share Capital in Euro million	Address	Business
Eurovita S.p.A.	99,45%	90,50	Milan	Life insurance
Agenzia Eurovita S.r.l.	100,00%	0,26	Milan	Insurance agency

Eurovita Holding S.p.A. and Agenzia Eurovita S.r.l. do not hold, or held during the year, either directly or indirectly, treasury shares or shares of their Holding Company.

The share capital of Eurovita Holding S.p.A. is wholly owned by the company Flavia HoldCo Limited based in London, 60 Cannon Street.

Agenzia Eurovita S.r.l. (formerly ERGO Italia Direct Network S.r.l.), a wholly-owned subsidiary of Eurovita Holding S.p.A., carries out insurance brokerage activities managing the insurance portfolio entrusted to it by Eurovita S.p.A. (formerly ERGO Previdenza S.p.A.). It should be noted that agreement with Darag Italia S.p.A. was terminated on 15 December 2017.

A.1.6 Significant Events Relating to Activities or Other Events that Occurred during the Reporting Period, Having a Substantial Impact on the Company

Nothing to report.

A.1.7 Other Information

Scope of Consolidation

There are no differences between the scope of consolidation considered for the purposes of the consolidated financial statements prepared pursuant to Article 95 of the Code and the scope of consolidation considered for the purposes of calculating Group solvency pursuant to Article 216-*ter* of the Code, the relevant implementing provisions, and Title II, Chapter I, of the Delegated Acts.

Significant Operations and Transactions within the Group

Intra-group operations of the companies belonging to the Eurovita Group are regulated on the basis of a policy issued by the Holding Company and prepared pursuant to IVASS Regulation No. 30/2016 on "Supervision of Intercompany Transactions and Risk Concentrations".

The Policy for the management of transactions with Related Parties (referred to as "Related Parties Policy") and on the outsourcing of activities and choice of suppliers, the "Outsourcing Policy", adopted by the companies belonging to the Eurovita Group pursuant to the industry supervisory regulations and other internal policies and procedures of individual Group companies are also understood as applicable in conjunction with the aforementioned policy on intercompany transactions.

For the purposes of the aforementioned Policy, all transactions carried out by the Holding Company or by the Group's insurance company (of a contractual or other nature, against payment of a fee or free of charge) for the benefit of one of the Group companies, or of one of the entities further specified in the same policy, are understood as Intercompany Transactions.

For the purpose of identifying the related decision-making process, Intercompany Transactions (hereinafter also "Transactions") are classified on the basis of the "materiality thresholds" identified therein. The following are set apart:

a) Transactions of Greater Significance or "very significant" transactions: transactions with a value equal to or greater than €5 million and/or for an amount equal to or greater than 5% of the Company's Solvency Capital Requirement;
b) Transactions of Lesser Significance or "significant" transactions: transactions with a value greater than €1 million and less than €5 million and/or for an amount equal to or greater than 1% of the Company's Solvency Capital Requirement;
c) Transactions to be disclosed in all circumstances: transactions implemented under conditions other than market conditions;
d) Exempt Transactions: transactions that do not fall within the materiality threshold categories described above.

Intercompany Transactions are implemented at market conditions and in compliance with the provisions of the Policy. The implementation of Intercompany Transactions under non-market conditions is permitted on an exceptional basis and by adopting a specific procedure.

Intercompany transactions classifiable as "very significant" and "significant" are summarized in QRT S.36.01 and S.36.04. It should be noted that no intercompany transactions relating to derivatives and reinsurance were found.

During the financial year, no transactions classified as "very significant" were carried out between Group companies pursuant to Article 3 of the Regulation and any counterparties as further specified in Article 5.

The profits of the company Eurovita Agenzia S.r.l. will be distributed to the company Eurovita Holding S.p.A. for a total of €1.3 million as highlighted in QRT 36.01.

The chargeback of intercompany costs, as shown in QRT 36.04, led to a transfer of costs of €2.1 million from the Holding Company to the Company, while €0.3 million were transferred in the opposite direction, and €0.1 million from the Company to Agenzia Eurovita S.r.l. Furthermore, Agenzia Eurovita S.r.l. received collection commissions of €2.3 million from the Company as consideration for the activities performed.

A.2 Underwriting Results

Eurovita S.p.A.'s financial statements as at 31 December 2018 show an IAS / IFRS net profit of €30.9 million including underwriting and investment results and results of other activities. The comparability of the income statement with the previous financial year is complex as a result of the merger with effect from 31.12.2017. The 2017 income statement therefore presents the results of the former company Ergo Previdenza only. The 2018 income statement also includes the contribution of the former company OMWI and of the former company EVA, in addition to the effects of the Purchase Price Allocation (hereinafter PPA), recognized in the separate financial statements of Eurovita S.p.A. following the aforementioned merger and simultaneous decision to favor accounting policies capable of ensuring the comparability of figures with the consolidated financial statements, thus reflecting any impacts within separate financial statements. The PPA produced significant impacts such as the amortization of VIF of the merged companies (positive for around €13.6 million), the negative impact deriving from a different amortized cost and from different capital gains / losses on disposal of the securities portfolio, partially offset by the shadow accounting effect (loss of €22.2 million). Adjusted for the tax effect, the overall economic impact of PPA on the Company was €5.9 million. The Group's consolidated financial statements show a result of €12.7 million and, in addition to the PPA effect recognized by the Company, also include the effect related to the PPA process deriving from the acquisition of the former ERGO Italia Group, which impacted the consolidated result as follows: VIF amortization of a negative €9.5 million, negative impact deriving from a different amortized cost and from different capital gains / losses on disposal of the securities portfolio after the shadow accounting effect of a negative €13.7 million. These impacts after the tax effect amounted to a negative €16.0 million.

For the purpose of analyzing economic trends without considering the impacts of extraordinary acquisition / merger transactions, the PPA effect was excluded from the 2018 income statement, while the contribution of the companies merged in 2017 was included. The Company's net result is apparently equal to €36.8 million in 2018 against €47.6 million in 2017. The contraction in the result is essentially attributable to the reduction in Class III assets. The expected forfeiture of the portfolio of the former company EP was offset by the new Class I premium income. The Group result after the PPA effect was €41 million against €44.8 million in 2017.

As required by Implementing Regulation (EU) 2015/2450, amended by Implementing Regulation (EU) 2017/2189, QRT S.05.01 was prepared from local GAAP accounting perspective, using the recording and measurement bases used for IAS/IFRS financial statements. The model includes all insurance activities, regardless of the possible separate classification between investment contracts and insurance contracts, applicable in the financial statements. However, any changes in the shadow accounting provision with an impact on the income statement, the VIF amortization, any changes in LAT provisions and any changes in DAC relating to products classified as financial products according to IAS criteria, are included in accordance with IAS / IFRS standards, as the Company's financial statements are presented in accordance with such accounting standards.

Gross premium income, for all areas of activity, was €1,893.1 million, down 11% compared to 2017 on a like-for-like basis. The Company's activities were exclusively carried out in Italy and 36% were concentrated in the business area "index-linked and unit-linked insurance", 63% in the business area of "insurance with profit participation" and 1% in the TCM area.

During 2018, life reinsurance obligations (indirect business, exclusively relating to the former company ERGO), concentrated on run-off treaties with Spanish and Belgian companies of the ERGO Group, brought business for €5.88 million in premiums, compared to €6.79 million collected in the previous financial year, i.e. a decrease of 3%.

Premiums transferred to reinsurers decreased by 14% (from €62.89 million to €53.2 million in 2018), due to the decrease in premiums for subsequent years ceded under contracts relating to the former company ERGO's business prior to 2001.

The following table shows the details of IFRS premiums (amounts in Euro thousand) broken down according to the lines of business defined by Solvency II regulations:

	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Life reinsurance	Total
Premiums written					
Gross	1.203.560	659.061	24.594	5.880	1.893.096
Reinsurers' share	52.494	18	0	688	53.201
Net	**1.151.066**	**659.043**	**24.594**	**5.192**	**1.839.896**

The change in technical provisions and payments, amounting to €1,224.8 million, compared to €1,829.2 million in 2017, is attributable to net payments of €2,184.1 million, an amount that does not include the portion of overhead expenses allocated to settlement expenses (€2,053.7 million in 2017), and €959.3 million for the reversal of technical provisions (€224.45 million in 2017). Gross provisions of insurance with profit participation were substantially in line with the previous financial year as the forfeiture of the portfolio of the former company ERGO was offset by the new Class I premium income, the reduction of €1,134.2 million in provisions against Unit-linked products also being affected by negative market trends.

The change in ceded provisions for a total of €344.9 million is mainly due to the reduction in the former company ERGO's ceded provisions. During the period, €419.4 million of sums paid by reinsurers were recovered.

The following table shows details by business area, broken down by gross amount, reinsurers' share and net amount:

	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Life reinsurance	Total
Claims incurred					
Gross	1.348.862	1.245.451	3.884	5.314	2.603.510
Reinsurers' share	416.938	-508	0	2.988	419.418
Net	***931.924***	***1.245.959***	***3.884***	***2.326***	***2.184.092***
Changes in other technical provisions					
Gross	-169.552	-1.134.202	0	-454	-1.304.208
Reinsurers' share	-331.873	-11.058	0	-2.011	-344.942
Net	***162.321***	***-1.123.144***	***0***	***1.557***	***-959.266***
Total					
Gross	1.179.310	111.249	3.884	4.860	1.299.302
Reinsurers' share	85.065	-11.567	0	977	74.476
Net	***1.094.245***	***122.816***	***3.884***	***3.883***	***1.224.827***

Expenses incurred decreased from €239.40 million in 2017 to €233.6 million, essentially attributable to lower management fees paid to the network following a reduction in the number of unit-linked products. The amount includes structural costs attributed to the various income statement areas, fees and commissions paid to the network for maintaining provisions.

During the current financial year, accepting the request of the Supervisory Authority, the Company allocated 33% to acquisition costs against 43% as at 31.12.2017.

The amount is gross of the sum recovered as commissions to be borne by reinsurers, amounting to €11 million.

The table below shows details by business area and type of expense:

	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Life reinsurance	Total
Administrative expenses					
Gross	24.364	4.770	2.860	**0**	31.994
Reinsurers' share	0	0	0	**0**	0
Net	***24.364***	***4.770***	***2.860***	***0***	***31.994***
Investment management expenses					
Gross	7.631	3.535	645	0	11.811
Reinsurers' share	0	0	0	0	0
Net	***7.631***	***3.535***	***645***	***0***	***11.811***
Claims management expenses					
Gross	6.617	2.163	134	0	8.913
Reinsurers' share	0	0	0	0	0
Net	***6.617***	***2.163***	***134***	***0***	***8.913***
Acquisition expenses					
Gross	21.395	39.676	5.214	220	66.505
Reinsurers' share	11.003	0	0	101	11.104
Net	***10.392***	***39.676***	***5.214***	***119***	***55.402***
Overhead expenses					
Gross	0	0	0	0	0
Reinsurers' share	0	0	0	0	0
Net	***0***	***0***	***0***	***0***	***0***
Other expenses					114.367
Total expenses	**0**	**0**	**0**	**0**	**222.487**

The insurance Company pursues the mitigation of technical risks by ceding risk to reinsurers, appropriately considered in the projections for the purposes of the solvency requirement. In detail, hedging characteristics are parameterized in capital projections, thereby making it possible to obtain benefits in terms of solvency requirement.

The reinsurance types in place are as follows:

- excess treaties for individual, collective and group policies in the event of death and/or total and permanent disability;
- proportional treaties with commercial premiums for mixed-type contracts;
- proportional treaties with commercial premiums for collective contracts related to the granting of personal loans;
- proportional treaties with commercial premiums for unit-linked contracts with guaranteed minimum capital in the event of death;
- catastrophe treaty.

The retention level for the portfolio of the former company Ergo Previdenza amounts to €100 thousand for policyholders aged 50 and over and €110 thousand for others, while for the portfolio of the former company Eurovita the retention level is €70 thousand for policies in the event of death and total and permanent disability and €200 thousand for insurance policies in the event of death with advance invalidity.

During financial year 2018, risk reinsurance operated for the settlement of 69 claims. The following is the ratio of *Claims paid by reinsurers* and the *Capital at risk* of these claims (i.e. the “implicit quota” ceded to reinsurers):

- *Claims paid by reinsurers: €1,028,588.89*
- *Capital at risk: €1,859,107.62*
- *Implicit quota: 55.33%*

For other types of reinsurance, reinsurers participated for the portion included in the relevant treaties.

A.3 Investment Results and Other Activities

The investment activities carried out during the financial year were directed towards seeking returns consistent with the commitments undertaken with policyholders, paying particular attention to the quality of assets. In particular, a broad diversification of investments was implemented by:

- geographical exposure focused on government bonds of European core and peripheral states;
- credit risk, favoring the highest levels according to a prudent assessment;
- issuer, in relation to the instruments of financial and corporate issuers.

The Company's investment strategy was rendered less risky also by excluding currency exposures and reducing investments in stock markets, which were limited exclusively to unlisted bank investments in Credit Institutions to which the Company is or has been tied under distribution agreements in the past.

To maximize and stabilize returns in the medium to long-term and contain risks, the insurance Company "structured" its financial management in the following way:

- investments in "traditional" asset classes (mainly government securities and bonds of financial issuers and corporate investment grade bonds) were made under management mandates with financial managers of high international standing (BNP Paribas AM - Goldman Sachs AM);
- investments in other liquid financial instruments (mainly securities of Emerging Countries and High Yield bonds of European and American issuers) were made by investing in multi-asset fixed-income funds, which allow flexible diversified (between and within the various asset classes) and global (from the geographical point of view) management. Management was entrusted to a highly specialized global manager (Goldman Sachs AM);
- investments in "innovative and illiquid" financial instruments (mainly bonds and financing to medium-sized companies) were made using funds of the main international managers characterized by a long and solid track-record. Investments in Private Debt funds, in addition to the corporate sector, made it possible to invest in infrastructural and real estate initiatives, allowed the Company to diversify investments and "seize" the illiquidity premium that is typical of these asset classes, consistent with the stability characteristics of insurance portfolios. For the selection and management of this type of investments, the Group used the support of StepStone, which is one of the leading global operators that pursue this strategy;
- exposure to Italian government securities, considered risky in terms of impact on the Solvency II Own Funds due to the excessive volatility of the spread rate, was maintained at just over 15% of the item Investments (slightly above 25% considering that financial assets measured at fair value through profit or loss, referred to as Class D, were excluded). Forward sale contracts on Italian government bonds signed in 2017 amounting to approximately €0.5 billion are still in place (i.e. a reduction of a further 5.4%, approximately, of investments other than financial assets measured at fair value through profit or loss).

These investments always meet the requirements set in corporate directives.

The investment results shown in accordance with QRT S.09.01 show ordinary income of €273.7 million, a capital loss on disposal of €108.6 million and valuation charges of €606 million.

It should be noted that following the extension of the duration of liabilities, due to the new forecasting assumptions after the IVASS inspection, in the first few months of 2019 the insurance Company made investments in assets with longer maturities with a view to ALM optimization.

Amounts in Euro thousand

Asset category	Portfolio	Interest, Income, and Charges	Realized gains and losses	Total measurement income and charges
Government bonds	Non Unit-Linked	159.427.451	954.215	- 150.637.148
Corporate bonds		59.341.720	- 19.446.484	- 60.004.996
Equity		482.239	2.770	- 1.945.581
Collective Investment Undertakings		30.366.811	- 7.306.214	- 41.147.977
Structured notes		12.521.818	754.311	- 11.113.840
Forward		-	-	23.742.697
Put Options		-	- 20.831	-
Government bonds	Unit-Linked	907.818	- 219.575	- 1.022.393
Corporate bonds		1.453.059	- 427.439	- 2.691.377
Equity		152.144	- 15.628	- 20.121
Collective Investment Undertakings		9.005.302	- 82.858.500	- 361.183.250
Structured notes		- 94	751	-
Cash and deposits		1.712	-	-
		273.659.979	**- 108.582.625**	**- 606.023.986**

The Group's income statement includes interest on reinsurance deposits under financial charges. Provisions of ceded business under commercial treaties are deposited in the amount of €1,136.89 million, valued according to Solvency II criteria, and bear interest. The amount of the interest is correlated to the rate of return of separate management schemes. In the IAS / IFRS financial statements, the figure for the year 2018 regarding interest expense on deposits received from reinsurers was €45.3 million against €53.8 million in 2017, in line with the forfeiture of the portfolio of the former company EP.

In consideration of the investment objectives of the life separate management schemes, characterized by steady returns of the portfolio associated with a limited risk level, the Group's insurance Company's strategies continued to be almost entirely focused on bond investments.

In the 2018 consolidated financial statements, the provisions recognized against gains and losses directly charged in shareholders' equity resulting from the market valuation of financial instruments classified as available-for-sale assets amounted to a loss of €124.6 million compared to a gain of €9.6 million in the previous financial year and may be broken down as follows:

- against debt securities, it amounted to a negative €91.6 million compared to a positive €6.6 million at the end of the previous financial year. Provisions decreased due to the expiration of part of the portfolio of the former company Ergo and therefore due to the consolidation of part of the capital gains, the widening of the spread and a contraction in the average duration of the underlying;
- against UCI / ETF, it was a negative €33.0 million and was particularly penalized at the end of the financial year by the negative performance of High Yield and Emerging Debt markets. In the first few months of 2019, the trend of financial markets allowed the Company to quickly recover the value of assets. In 2017, the same provisions amounted to €2.3 million.

Shareholders' equity also includes the net cash flow hedging provisions, which measure the valuation of hedging derivatives referable to the positions of forwards (€12.3 million) dramatically recovering value following the increased spread on Italian government securities. It includes forward sales contracts of securities exposed to Italy country risk and forward purchases of government securities of other European countries subscribed during 2017. During 2018, the item did not undergo significant changes in the composition of the underlying, with the exception of an initial maturity of 10 forward contracts, which led to the correlated change in the underlying bonds classified under the item Available-for-sale assets.

The two provisions referred to above are net of the shadow accounting effect, which gives policyholders what they are entitled to in relation to the latent capital gains / losses charged to shareholders' equity and the tax effect.

Despite the Insurance Company's Guidelines generally consider the possibility of investing in securitizations, this option was not included in the strategies for 2018.

A.4 Results of Other Activities

The following are the pro-forma revenues and costs other than those relating to revenues and other than underwriting or investment costs, measured in accordance with IFRS accounting principles and recognized in the 2018 consolidated financial statements.

Amounts in Euro thousand	31/12/2018	31/12/2017	Change
Other technical income / charges	43.430	- 8.583	52.013
Uses of reserves	4.408	12.898	- 8.490
Contingent assets and liabilities	- 2.521	2.359	- 4.880
Provisions set aside	- 49	- 5.320	5.271
Losses on receivables	- 1.026	- 1.296	270
Amortization of intangible fixed assets	- 1.962	- 876	- 1.086
Other costs / other revenues	- 28.365	- 24.769	- 3.596
Total	**13.915**	**- 25.588**	**39.502**

Other technical income includes management fees retroceded by mutual fund managers included in the investments for the benefit of policyholders. This amount is retroceded to policyholders and is entered as a cost in changes in provisions of unit-linked products. In the previous financial year, management fees retroceded by managers were recorded among commission income. Other technical charges mainly include write-offs for non-collectability and commission rebates granted to policyholders on internal funds.

Withdrawals from funds mostly adjust one-off overhead expenses for the redundancy of employees of the former company OMWI who voluntarily left the company in 2018 against transactions carried out in 2017 for which provisions for future charges had been set aside in 2017.

Provisions for the year essentially relate to disputed positions with third parties, dormant policies and expected costs for early repayments against CPI policies.

Contingent assets and liabilities are due to the settlement of items from prior years.

Losses on receivables refer to the settlement of disputed positions; where required during the previous financial year, a corresponding withdrawal from the provision for risks was recorded.

Amortization of intangible fixed assets essentially refers to software. In 2018, assets no longer in use were expensed for around €0.8 million.

In 2018, Other revenues / other costs contained the VIF amortization of the former company OMWI (€17.3 million) and of the former company ERGO Previdenza (€9.5 million). In the previous financial year, the two figures were €27.3 million and €19.8 million, respectively. The significant decrease in this cost is attributable to a refinement in the calculation of amortization, currently linked to the effective forfeiture of the portfolio. In financial year 2017, the gain from the good business deal related to the acquisition of the company Eurovita Assicurazioni S.p.A., amounting to €21.1 million, was recognized among other revenues.

A.5 Other Information

On 20 February 2019, IVASS notified Eurovita and Eurovita Holding two inspection reports containing the findings of the inspection conducted by the Authority in respect of the Companies in the period between

1 October and 21 December 2018, with reference to risk measurement and the role of internal control departments in the context of the implementation of Directive 2009/138 (referred to as Solvency II).

As a result of the inspections, IVASS formulated allegations concerning the Group's governance and control system, which according to IVASS did not guarantee an adequate management of the risk profile assumed by the Group following the merger, and concerning the methods used and controls carried out in implementation of the Solvency II framework, and in particular those used for the calculation of the best estimate liability (BEL) and of the Solvency Capital Requirement (SCR), which in the opinion of the Authority should have been altogether strengthened.

At the time of serving the aforementioned inspection reports, IVASS, by sending two separate allegation letters, commenced:

(a) in respect of Eurovita, an administrative penalty procedure for the violation of regulatory provisions on BEL calculation and for the methodological deficiencies that in the opinion of the Authority affected the information relating to the Solvency II framework filed by the Company with IVASS with reference to the year 2017;
(b) in respect of Eurovita Holding, an administrative penalty procedure for the alleged failure to verify the adequacy of controls adopted at Group level to ensure the Companies' solvency.

Finally, on the same date, IVASS also served the Companies two notices:

i. prohibiting the Companies from distributing operating profits or other assets until the remedy actions regarding the methodological deficiencies concerning the Solvency II rules had been fully implemented;
ii. requiring the Companies to prepare a Capital Plan stating the necessary measures to restore their regulatory capital and ensure compliance therewith on an ongoing basis if the solvency capital requirement was lower than the 150% risk appetite threshold at the end of financial year 2018;
iii. requiring the Companies to draw up a remedy plan aimed at eliminating the deficiencies found during the inspection and ensuring compliance with the regulatory framework on corporate governance matters and technical provisions.

In response to the above documents, on 19 April 2019, the Companies sent to IVASS:

(a) their corporate bodies' evaluations on the observations made by the Supervisory Authority;
(b) the Capital Plan and the remedy plan requested by the Authority;
(c) the Companies' defense statements against the allegation letters with which IVASS commenced the penalty proceedings in respect of the Companies.

Based on the considerations set forth by IVASS in its inspection report, the Company first of all proceeded to calculate the 2018 Solvency ratio and the forward-looking ratio for the period 2019-2020 taking into account the instructions given by the Authority, also considering the technical opinion received from an actuarial consultancy firm in regard of the allegation put forth by the same. Further measures to strengthen internal methods relating to the Solvency II framework will be implemented by the Company and by the Group as part of the remedy plan prepared by the Company in compliance with the request of IVASS

Also taking into account the changes made by the Company to the technical assumptions underlying the BEL calculation in order to take into account the instructions formulated by IVASS, the Group - against a capital requirement (SCR) of €403.40 million - has own funds of €486.26 million, with a Solvency Ratio of 121%. This result shows an under-sizing of Own Funds with respect to the targets set by the Group's Risk Appetite Framework which, including in light of the actions undertaken, management considers temporary as it is the result of a contingent situation that was created after the IVASS inspection. As mentioned above, the Supervisory Authority carried out the inspection during the fourth quarter of 2018 and presented its conclusions to the Board of Directors on 20 February 2019. Accepting all of the observations, the Company changed some of the technical assumptions underlying the calculation of the Best Estimate Liability, in particular by adjusting redemption assumptions and, consequently, extending the duration of the portfolio. However, as the year 2019 had already begun, the Company was not materially in the position make operations on the assets hedging the commitments undertaken with policyholders (this activity was carried out in the first quarter of 2019). Furthermore, the Solvency level at 31 December 2018 showed a mismatch between assets and liabilities which, in turn, generated a significant impact on interest risk (in this case down) in the order of 12 percentage points on the final Solvency ratio, as noted in the interim report for the first quarter of 2019.

Without prejudice to the foregoing, also taking into account the strengthening actions already implemented or planned, the Board of Directors obviously prepared the Financial Statements on a going-concern assumption. The acquisitions and the merger that characterized the year 2017 laid the foundations for the establishment of a new insurance enterprise of primary importance on the Italian market, increasingly committed to expanding its distribution network and developing new products in the life sector.

The transfer of Own Funds of €27.4 million by the Holding Company to the Company on 27 March 2019, with the aim of aligning the Solvency Ratio within the Group entities fits into this perspective.

This capital injection and extension of asset durations have reduced the Group's solvency ratio to a theoretical 131%.

As part of the Capital Plan transmitted to IVASS, the Group also provided for a new Capital Policy, which includes an increase to 165% in the minimum Solvency II ratio beyond which dividends may be paid out, a temporary blocking of dividends, as well as the issue of a subordinated bond loan of up to €65 million computable in tier-2 basic own funds, for the purpose of bringing the Group's Solvency II ratio to at least 150% as early as Q2 2019. To this end, the entity that indirectly controls the Group has formally communicated its readiness to make available the funds necessary for the subscription of the entire loan amount as a result and subject to the completion of the necessary formalities.

B. GOVERNANCE SYSTEM

B.1 Information on the Governance System

B.1.1 Structure of the Governing Body, Roles, and Responsibilities – Relevant Committees – Coordination and Information Flow

The Eurovita Group adopts a traditional corporate model based on a Shareholders' Meeting, Board of Directors and Board of Statutory Auditors.

Eurovita Holding S.p.A., parent company of the Eurovita insurance Group, carries out management and coordination activities of the company Eurovita S.p.A.

On 29 March 2019, the insurance Company's Board of Directors, in compliance with the provisions of IVASS Regulation No. 38/2018, proceeded to carry out an assessment of its corporate structure according to the parameters established by the Letter to the Market dated 15 July 2018, considering the Company under "***enhanced corporate governance***" under regulatory legislation.

In relation to this type of corporate governance, the Board of Directors verified that the current organizational configuration already satisfies the solutions specified by the Authority with respect to:

- non-executive nature of the Chairman of the Board of Directors;
- setting up, at the ultimate Italian parent company (the holding company Eurovita Holding S.p.A.), of an internal control and risk committee and of a nomination and remuneration committee within the Board;
- structure of key departments corresponding to the structure required by the Authority.

With regard to issues relating to remuneration profiles, at the General Meeting of Shareholders called to approve the 2018 financial statements, the Holding Company proceeded to adapt its Remuneration Policies so as to align them with the provisions of IVASS Regulation No. 38/2018 and with the aforementioned Letter to the Market. In order to ensure compliance with the provisions of IVASS Regulation No. 38/2018, the Eurovita Group is setting out the main governance controls on the Enhanced Emergency Plan and on other procedures necessary to ensure the timely implementation of any recovery options to be performed in the event of a serious crisis. In particular, specific roles and responsibilities will be established both for the purpose of setting out the Plan and for the purpose of crisis management, which will be approved by 30 June 2019.

The main component parts of the internal control system adopted by the Holding Company are as follows:

- **Board of Directors:** this operates in terms of strategic, managerial, and organizational guidance, also addressing the main issues emerging from company operations at each of its meetings, brought to its attention by Top Management and by any internal Committees established by the Insurance Company at managerial level (i.e. *Investment Committee*) and within the Board of Directors of the Holding Company Eurovita Holding S.p.A. (i.e. the *Nomination and Remuneration Committee,* Group *Investment Committee* and the *Audit, Internal Control and Risk Committee*);

- **Top Management:** these meet regularly and are responsible for the implementation of the guidelines given by the Board of Directors by planning, managing, and monitoring the Company's internal control system and risk management system;

- **Board of Statutory Auditors**: this conducts audits, meetings, and performs in-depth investigations of the adequacy of the Group's organizational, administrative, and accounting structure and actual operation on the basis of regulatory provisions, including through participation in the Board of Directors, in the Audit, Internal Control and Risk Committee of the Holding Company and, limited to the Chairman of the Board of Statutory Auditors, in the Supervisory Body;

- **Supervisory Body pursuant to Legislative Decree No. 231/01** (hereinafter SB): this assesses the actual ability of the Organization, Management, and Control Model to prevent the commission of crimes pursuant to Legislative Decree No. 231/01, monitoring the recipients' adoption of and compliance with the requirements. During 2018, the composition of this Body was unchanged. The Organization, Management, and Control Model was last reviewed on 21 December 2017, including in order to align it with the Group's new organizational structure. The Body sets out an annual work plan and has a budget for any expenses necessary for the performance of its activities. The Supervisory Body reports to the Board of Directors at least every six months, including through the Audit, Internal Control and Risk Committee, and to the Board of Statutory Auditors with regard to the activities carried out and findings, also giving notice of its activity plan and necessary expense budget;

- **Code of Ethics:** last reviewed on 21 December 2017, this sets out a code of conduct, which the corporate bodies, management, employees, and collaborators outside the Group (such as, for example, consultants and sales networks) and any another entity howsoever cooperating in carrying on the Group's activities should abide by;

- **IT Strategic Plan:** developed on the basis of the Group's and the Company's needs, this sets out the strategic lines for the monitoring and development of information systems outlined by the Board of Directors;

- **Chief Financial Officer (CFO) area:** this operates at Group level by ensuring the measurement and monitoring of business performance, contributing to the definition of the corporate strategy and reduction of costs. It is also in charge of risk management and mitigation. The CFO also supervises the enterprise's financial management;
- **Internal Audit** department established at the company Eurovita Holding S.p.A. and operating at group level: this verifies and assesses the effectiveness and efficiency of the internal control system, applying a risk-based method and international standards for the professional Internal Audit practices, as codified by *Associazione Italiana Internal Auditors* (A.I.I.A., Italian Association of Internal Auditors) and in accordance with the Internal Audit Policy. For more details about the allocation and services performed by the department, please refer to paragraph B.5;
- **Chief Risk Officer (CRO)** area: this operates at Group level and performs a coordination function of the Anti-money laundering department, as well as of the key Risk Management, Actuarial, Compliance departments. The CRO governs the risk analysis and management process by interacting with all the above company departments in order to have an overall view of the Group's risk profile;
- **Risk Management** department: this contributes to the detection, assessment, monitoring, and management of risks in compliance with the Group Risk Management Directive. The department functionally reports to the Board of Directors, including through the Audit, Internal Control and Risk Committee, and provides reports to the Investment Committee;

- **Compliance Department**: this detects and assesses the risk of non-compliance with regulations, verifying organizational measures and internal procedures in compliance with the provisions of IVASS Regulation No. 38/2018 and on the basis of the Group's compliance Directive, Policy, and Manual; the department functionally reports to the Board of Directors, including through the Audit, Internal Control and Risk Committee;

- **Actuarial Department**: the Head of this organizational unit functionally reports to the Company's Board of Directors, including through the Audit, Internal Control and Risk Committee. The department collaborates with other key departments in order to ensure an effective risk management system;
- **Anti-Money Laundering** department: this verifies whether the corporate procedures are consistent with the objective of preventing and combating the violation of laws, regulations, and codes of conduct regarding the fight against money laundering and terrorist financing; the department reports to the Board on the activities carried out quarterly, including through the Audit, Internal Control and Risk Committee, and to the Board of Statutory Auditors;
- **Data Protection Officer** (hereinafter "DPO"): this is responsible for data protection and, at an operational level, is involved in all activities that may have critical implications in the sphere of privacy. With the entry into force of European Regulation (EU) 2016/679 laying down provisions on the protection, processing and free circulation of personal data, a sole DPO was chosen - within the Eurovita insurance Group - for all Group entities (the "Eurovita Group DPO"), who is the Head of the Company's Compliance department;

- **External anti-fraud activities**: within the Company's Legal and Complaints department, these consist in the prevention, detection, and reaction of cases of external fraud involving customers, damaged third parties, former agencies, trustees, and suppliers. The activity concerns both attempted and committed frauds. The Head of the department to which this activity has been allocated, works closely with all the company areas which may send reports and early warnings. Particular attention is paid to issues related to the risk of money laundering in coordination with the Anti-Money Laundering department. The department also deals with reports on external fraud sent by the Authorities;
- **Internal anti-fraud activities**: these consist in the detection and reporting of cases of internal fraud that may involve employees, agencies, sub-agents, and staff of the agents. This activity is placed within the Internal Audit department;
- **system of authorities and powers:** aimed at ensuring the effectiveness of the internal control system, it was streamlined and formalized in compliance with the legal and regulatory framework in force and applicable from time to time. The system of delegated authorities and powers provides for the combination of signatures and granting of proxies issued by notarized power of attorney. The internal system of authorities is structured by process and, essentially, ensures the possibility of continuously verifying the adequacy of the powers granted in relation to actual business operations at the same time protecting the company from any independent decision-making powers that, if too extensive, may expose it to risks with third parties.

The Board of Directors, appointed by the General Meeting of Shareholders for a period not exceeding three financial years, comprises executive and non-executive directors, who may be re-elected, meeting adequate requirements of professionalism, integrity, and independence. Further details are given in paragraph B.2 below.

The Holding Company's Board of Directors met 13 times during financial year 2018.

The Board of Directors of the Company Eurovita met 15 times in financial year 2018.

On 30 April 2019, the Holding Company's and the Insurance Company's General Meetings of Shareholders approved the respective financial statements for the year ended at 31 December 2018. The term of office assigned to the Boards of Directors for the three-year period 2016-2018 expired with the approval of the financial statements. The General Meetings of Shareholders therefore appointed new Boards of Directors for the three-year period 2019-2021.

At the same time, the Holding Company's Directors hold the office of members of the insurance Company's Board of Directors.

The following table summarizes of the composition of the new Boards of Directors that will remain in office for the three-year period 2019-2021, until the approval of the 2021 financial statements.

Office	Name	In office since	Executive	Non-executive	Requirements pursuant to Ministerial decree No. 220 of 11/11/2011
Chairman	D. Croff	30/04/2019		X	X
Chief Executive Officer	E. Stattin	30/04/2019	X		X
Director	C. Berendsen	30/04/2019		X	X
Director	E. Preve	30/04/2019		X	X
Director	A. Bertolini	30/04/2019		X	X
Director	M. Cuccia	30/04/2019		X	X
Director	H. P. Ross	30/04/2019		X	X

The members of the Holding Company's and Insurance Company's Boards of Directors are directors who meet the requirements set forth in Ministerial Decree No. 220/2011, evaluated and verified through a specific statement provided by each interested party at the time of appointment.

The meeting of the aforementioned requirements, as further specified below, will be subject to periodic checks during the term of office.

At the time of the appointment of the Directors, pursuant to Article 36 of Legislative Decree No. 201 of 6 December 2011, dubbed "*Salva Italia*" (Rescue Italy), converted with amendments by Law No. 214 of 22 December 2011, the Boards verified that there were no incompatible offices held or performed by the same at other enterprises or business groups.

The directors of each of the Group Companies satisfy the requirements of professionalism, integrity, and independence set forth by primary legislation and regulations on insurance matters and, in particular, by the (Italian) Civil Code, Private Insurance Code, and Decree No. 220 of the (Italian) Ministry of Economic Development dated 11 November 2011, and are not permitted to hold offices in other insurance companies in violation of the ban on interlocking directorate laid down in Article 36 of Law-Decree No. 201/2011.

The regulations concerning independent directors, as laid down in Legislative Decree No. 58 of 24 February 1998 (Consolidated law on financial brokerage), do not apply.

The coordination by the company Eurovita Holding between administration and control bodies and key departments is ensured by a continuous and structured exchange of information between departments and by the work of the Audit, Internal Control and Risk Board Committee.

The aforementioned Committee, established in 2016 within the Board of Directors of the company Eurovita Holding, comprises four non-executive directors (five as of 30 April 2019) and meets regularly to fulfill its advisory and proposal role in support of the Board for the purpose of setting out and managing the internal control and risk management system, including by perusing the reports drawn up by the key departments.

The Audit, Internal Control and Risk Committee assists the Board of Directors in its assessments and decisions regarding the Internal Control System by expressing opinions regarding the guidelines to be set out and verifying that the risk management structure being implemented is adequate, effective and proportional to the nature, scale and complexity of risks, either on a current or on a forward-looking basis, possibly providing guidelines on such issues.

The key departments provide reports at least quarterly, and whenever necessary, on the findings of the audits carried out by the Board of Directors, including through the Audit, Internal Control and Risk Committee, and to the Board of Statutory Auditors, thereby supporting the same in their control activities.

The Eurovita Group, through the company Eurovita Holding S.p.A., exercised the right set forth in Article 246, paragraph 4, third sub-paragraph, of Directive No. 2009/138/EC, whereby it drew up a single document for itself and for its subsidiaries with regard to own risk and solvency assessment.

B.1.2 Remuneration Policies Adopted within the Group

The General Meeting, as set forth in applicable legislation, is responsible for approving the Remuneration Policies of corporate bodies and key personnel (Risk Takers and Heads of Key Departments), as well as for calculating the remuneration of the corporate bodies appointed by it. In particular, the General Meeting will:

- calculate the total amount of remuneration paid to all Directors - including those vested with special powers;
- establish the remuneration due to statutory auditors, in compliance with the powers set forth in the Company Bylaws;

- approve the Remuneration Policies of corporate bodies and key personnel, including remuneration plans based on financial instruments.

The Board of Directors will decide how to divide the total amount approved by the General Meeting of Shareholders, setting the annual remuneration of Directors.

The compensation approved for Directors who are also employees of a Group Company will only consist in a fixed component and will in any case be included in the remuneration received as an employee.

The Company will pay no fees to members of the Board of Directors of Eurovita S.p.A. The Company's Directors also hold the office of members of the Board of Directors of the company Eurovita Holding S.p.A. Some of them are paid a fee - on the part of the Holding Company alone - for the performance of their functions. In the year 2018, this fee amounted to €365,000 (€300,000 in 2017). The change in the Group's business scope during 2017 made the two values not comparable.

The compensation due to the Company's Board of Statutory Auditors amounted to €171,667 (€280,000 in 2017). The change in the Group's business scope during 2017 made the two values not comparable.

Based on the provisions of IVASS Regulation No. 38/2018, the remuneration policy adopted is consistent with sound and prudent risk management and in line with the Group's and the Company's strategic objectives, profitability, and balance in the long term. It should be noted that the remuneration policy is not exclusively or prevalently based on short-term results, such as to encourage excessive risk exposure or risk assumption exceeding the risk appetite set by Company's the governing body. The company Eurovita Holding guarantees the overall consistency of the Group's remuneration policies, ensuring that they are adequately proportional to the Group companies' characteristics, and verifies the correct adoption thereof. It also ensures compliance with the provisions of IVASS Regulation No. 38/2018 by all Group companies.

The Remuneration Policies of the Eurovita Group, in line with the provisions of IVASS Regulation No. 38/2018, have as their primary goal the outlining of a remuneration system that, in line with the Companies' strategic objectives, profitability, and balance in the long term, should be capable of:

- ensuring remuneration consistent with sound and prudent risk management and in line with strategic objectives set by the Group, while maintaining a differentiation between the various Companies by virtue of their business specificities;
- attracting, motivating, and maintaining professionally qualified resources;
- supporting long-term value creation;
- strengthening the protection of the interests of stakeholders, primarily shareholders, policyholders, and personnel;
- rewarding effective and lasting results and discouraging excessive risk-taking.

The governance system of Remuneration Policies ensures that the same are based on clear and documented rules that promote their consistency, avoiding the occurrence of conflicts of interest, and ensure transparency to the parties involved, the correct involvement of key departments and of the Human Resources department, both in the definition phase and in the regular review phase, and adequate information to the corporate bodies responsible for approval thereof.

The remuneration to personnel whose activities may have a significant impact on the Company's risk profile ("Risk Takers") consists of a fixed component and a variable component, received according to the achievement of certain corporate targets and individual qualitative and quantitative targets that should be set beforehand, objective, and measurable. Corporate objectives are set by the Board of Directors and are common to all personnel involved in the incentive plans, including those not belonging to the category of Risk Takers, with the exclusion of personnel belonging to the key departments, whose objectives are entirely unrelated to the Companies' business performance.

The apportionment of the Risk Takers' remuneration between fixed and variable component should be set out so as to allow the Company to have ample flexibility in the allocation of bonuses while pursuing the objective of directing their performance according to levers related to their company position without inducing risky and short-term oriented behavior.

The weight between fixed and variable components may vary according to personnel, market conditions, and specific context in which the company operates. The ratio between total remuneration and variable component is calculated and carefully assessed in order to ensure a correct balance in relation to the role and function of the individual identified as a Risk Taker.

The Risk Takers' incentive system is implemented through a performance management program that aims to reward results achieved and behavior held. When setting the objectives to be achieved, the Company will:

- provide for the adoption of performance indicators that take into account current and forward-looking risks associated with pre-established results and related charges in terms of cost of capital employed and liquidity required;
- where appropriate, also take into account non-financial criteria that contribute to the creation of value for the enterprise, such as compliance with external and internal regulations and the efficiency of the customer service management;
- ensure that the total amount of the variable component is based on an adequate combination of results achieved by the individual, by the production unit to which they belong, and the overall results of the enterprise or group to which they belong.

Corporate objectives are set by the Board of Directors and are common to all personnel involved in the incentive plans with the exclusion of personnel belonging to key departments, for whom only objectives not related to the Companies' business performance will be considered, but particularly significant qualitative corporate objectives in terms of adequacy of the compliance and internal control systems.

The variable component of the Risk Takers' remuneration will, for a portion of not less than 40%, be subject to deferred payment for a period of not less than three years and at least 50% of it will be made up of financial instruments that reflect their ability to create long-term value, capital base and profitability prospects for the firm. These objectives (and any subsequent payments, including deferred payments) will be dependent on the Group meeting the minimum coverage value of SCR (Solvency Capital Requirement) in the reference period, calculated according to Solvency II metrics – i.e. the minimum tolerance threshold set by the Capital Policies for the Group.

The remuneration of the Heads of Key Departments will consist of a predominant fixed component and by a small variable part. The variable component («Variable Component») will be exclusively related to particularly significant qualitative corporate objectives in terms of adequacy of the compliance and internal control systems. This Variable Component, aimed at promoting projects to strengthen the Company's internal control system and disseminate a culture of risk, is necessary for keeping and attracting qualified professionals within the Company's key departments in line with market practices. Payment of the variable component will, at least for a 40% portion, be subject to deferred payment for a period of time not less than 3 years. In any case, no remuneration based on financial instruments will be paid out to these resources.

The Group's Remuneration Policies also provide for Retention plans in favor of Risk Takers and other resources identified as "key resources", as well as for the possibility for the year 2019 to grant Risk Takers and Heads of Key Departments an extraordinary bonus linked to strategic projects and/or transactions that were particularly significant for the Group. These incentive components are part of the variable remuneration of the Risk Takers and Heads of Key Departments and will therefore be subject to the same restrictions in terms of ratio between fixed and variable component, composition (financial instruments / monetary instruments) and payment methods (including the deferral system).

B.1.3 Significant Transactions

During 2018, no significant transactions were carried out with shareholders, members of the governing, management, or supervisory body or with persons who have significant influence over the Company. However, please refer to section A.1.7 “Significant operations and transactions within the Group”.

B.2 Competence and Integrity Requirements and Professional Ethics

In compliance with the requirements of Article 42 of Directive 2009/138/EC, regarding access and pursuit of insurance and reinsurance activities (solvency II), as well as in compliance with national legislation and the relevant applicable regulations, the persons who manage the business or are responsible for key functions, or have other key roles within the enterprise have the appropriate professional qualifications, knowledge and experience and enjoy good reputation and integrity.

Directive 2009/138/EC requires insurance companies to fulfill obligations regarding the governance system and, in particular, under Articles 42 and 43 of the Directive, as regards the requirements of competence and integrity for the people who perform key functions within the same.

The company Eurovita Holding S.p.A. has therefore issued its own policy, aimed at contributing to the definition of the Eurovita Insurance Group’s appropriate governance system (hereinafter the “**Group**”) ensuring the eligibility of the members of the Board of Directors, of the Board of Statutory Auditors and of the Heads of key departments with respect to the tasks and duties assigned to them.

The above policy was reviewed and updated during 2018 in order to ensure its continued abidance by the applicable regulatory framework.

Professional Ethics, Integrity, and Independence Requirements of Members of the Board of Directors and of Statutory Auditors

Professional Ethics

Directors, the General Manager (if appointed), and the members of the Board of Statutory Auditors, held in the form of a meeting, must hold the professional titles, skills, qualifications, and experience suitable to the characteristics of the Company’s business activity, and nature, size, and complexity of its risks, in compliance with the rules laid down in Decree No. 220/2011 of the Ministry of Economic Development.

The Chairman of the Board of Directors, the Chief Executive Officer, the members of the executive committees (if appointed), and at least one-third of the standing auditors and alternate auditors must be chosen according to professional skills and competence criteria from among people who have gained a total experience of at least five years exclusively with reference to the rules laid down in Decree No. 220/2011 of the Ministry of Economic Development. Statutory auditors, in addition to the aforementioned requirements, must meet the requirement of being enrolled in the register of auditors.

Each director must individually hold the professional titles, skills, qualifications, and experience required by the Board of Directors, as a whole, and must have adequate technical skills in the areas of insurance and financial markets, corporate governance systems, financial and actuarial analysis, regulatory framework, business strategies, and business models.

Integrity

All persons called to hold the office of Director and Statutory Auditor must satisfy the requirement of integrity as provided for by Decree No. 220/2011 of the Ministry of Economic Development.

Furthermore, there must be no impediments to performing such functions as set out in the aforementioned Decree.

Lastly, it is required for such persons not to have been convicted or be currently submitted to pending proceedings.

Independence and Incompatibility

The governing, management, and control function is not compatible with the performance of a similar function, with the existence of work relationships, continuous consultancy relationships, or paid work, or other equity relationships with other insurance or reinsurance companies, their subsidiaries, or holding companies, such as to compromise their independence.

In any case, any appointments and relationships with companies belonging to the same insurance group will not be considered such as to compromise independence.

The members of the Board of Directors, the General Manager, and the Statutory Auditors must warrant that:

- they are not tied by kinship relationships to the Company's senior managers;
- they do not, either directly or indirectly, entertain relationships of an equity nature with the Company, or with parties related thereto, such as to condition their independent judgment;
- they are not in situations of incompatibility with the Company's independent auditing firm, having regard to the principles established by C.O.N.S.O.B. Regulation No. 11971;
- they are not in situations of incompatibility with the independent auditor, auditing firm, or key manager of the Company's independent auditor, having regard to the provisions of Article 17 of Legislative Decree No. 39/2010.

Furthermore, any company representatives holding several offices falling within the scope of Article 36 of Law No. 214/2011 (referred to as interlocking ban) will be required to notify the Board of Directors as to the list of offices held in other companies. The Board of Directors will assess whether or not the prohibition should be enforced and, if the relevant conditions are met, it will declare the removal from office of the person concerned.

Professional Ethics, Integrity, and Independence Requirements of the Heads of key departments, of the Head of the Anti-Money Laundering Department, of the person holding the office of Chief Risk Officer, of the person holding the position of internal contact person, or of the person in charge of supervising outsourced activities

Professional Ethics

The Heads of the key departments, the Head of the Anti-Money Laundering Department, the Head of the Actuarial Department, the internal contact person and persons responsible for supervising outsourced activities, will be required to have at least a three-year experience ensuring an adequate knowledge of risk management and control methods, industry regulations, governance issues, business management, corporate organization and/or internal control systems, acquired in one or more of the following cases: (i) as a top manager at companies in the insurance, banking and/or financial brokerage industries; (ii) as Head of the key departments Risk Management, Compliance, Actuarial Departments and Internal Audit; (iii) as a university professor specializing in one or more of the subjects set out above; (iv) by having proven professional experience in the field of controls and risks.

Integrity

The provisions listed above in regard of members of the Board of Directors, General Manager, and Statutory Auditors will apply to the integrity requirement of the Heads of key departments, the Head of the Anti-Money Laundering Department, the internal contact person and persons responsible for supervising outsourced activities, with the exception of impediments.

Independence

In order to ensure the independence of departments referred to as Key Departments and of the Anti-Money Laundering Departments, the Internal Audit, Compliance and Risk Management, Actuarial and Anti-Money Laundering Departments will not be hierarchically under any Head of operating departments. Moreover, the persons responsible for the Internal Audit department must not be assigned operational responsibilities or task audits over which they previously had powers or responsibilities unless a reasonable period of time has elapsed.

Assessment of requirements and possible forfeiture, suspension, or removal from office

The satisfaction of the requirements of independence, integrity, and professionalism will be first assessed by the companies' respective Boards of Directors on the occasion of a new member's appointment to the offices listed above.

Subsequent regular checks relating to the continued satisfaction of the requirements of independence, integrity, and professionalism with regard to the parties already assessed at the time of the first assessment, will be carried out by each Company's Board of Directors at least annually.

Failure to meet the requirements of integrity, professionalism and independence

All parties specified in the preceding paragraphs must promptly notify the Appointments and Remuneration Committee of all changes in the information originally communicated at the time of the assessment of the requirements of integrity, professionalism, or independence. Based on the nature and extent of the changes that may have occurred, the Appointments and Remuneration Committee will newly assesses the satisfaction of the requirements.

The requirement of professionalism will also be assessed annually through a self-assessment process of the Board of Directors as detailed below.

Forfeiture, suspension and possible removal from office

Ceasing to meet the requirements of integrity, professionalism, and independence, whether assessed initially or intervening at a later time, will cause the forfeiture of the office (or suspension), declared in the manner and in the cases referred to in Article 76, paragraph 2, of the Private Insurance Code, or by the Board of Directors within thirty days of the appointment or knowledge of the intervening failure.

In the event of inaction, forfeiture will be pronounced by IVASS, which will order removal pursuant to Article 188, paragraph 3-*bis*, letter e), of the Private Insurance Code - Legislative Decree No. 209/2005.

As a possible reason for the forfeiture of directors and statutory auditors, as specified above, Article 36 of Law No. 214/2011, which sets forth a ban on holding or performing offices between companies or groups of competing companies operating in the credit, insurance, and financial markets, will also be taken into consideration. The provision, also known as "interlocking ban", meets the need to avoid situations that may be particularly damaging to competitors.

In addition to the annual checks carried out by the Governing Body, each Director will in any case be required to immediately notify the Board of Directors of their failure to meet the aforementioned requirements.

Disclosure to the Supervisory Authority

In the cases provided for by applicable regulations, the Company concerned will notify the Supervisory Authority as to the appointment, termination, and replacement of any recipients of the Directive.

With reference to the Heads of Key Departments and any internal contact person and/or persons responsible for controlling outsourced activities, the Company will notify IVASS as to the appointment or removal of managers within thirty days of the adoption of the relevant decision. In case of appointment, the Company will notify that it has carried out the checks on the satisfaction of the requirements of integrity, professionalism, and independence of the persons specified in the document.

All the documentation used for such assessment will be stored by the Corporate Office and made available to the Authorities in the event of audits.

B.3 Risk Management System, Including Internal Risk and Solvency Assessment

The Risk Management System assumes a significant importance in the overall business activities and is implemented through a management process, integrated into the decision-making processes and proportional to the size and operational characteristics of the Group and the Company, aimed at detecting, assessing, controlling, and reporting the most significant risks to which the Group and the Company are exposed.

B.3.1 Description of the Risk Management System

The Group has a risk management system formalized in the policies issued pursuant to Article 30-*bis*, fourth paragraph, (Italian) Private Insurance Code, in order to ensure the effective monitoring of risks deriving from the performance of its business activities. These documents set out the strategies, processes, and reporting procedures necessary to detect, measure, monitor, manage, and report risks at the individual and aggregate level and the related interdependencies. The objective of an efficient risk management system is to ensure and preserve capital solidity through a prudent approach, aimed at meeting the commitments undertaken with policyholders and at the same time guaranteeing an adequate level of profitability.

The main objectives with regard to risks from a prudential standpoint that the Group is responsible for are as follows:

- only take risks relevant to its core business, developing and supplying products for which it is capable of ensuring consolidated and high-level skills;
- only take risks for the management of which the Group has adequate abilities and resources;
- through risk management, ensure satisfactory and long-lasting results for policyholders, shareholders and stakeholders in general, maintaining a capital surplus including in the case of extreme events;
- adopt prudent investment policies aiming to achieve efficient risk / return combinations;
- promote ethical values and a risk culture at managerial and staff level;
- ensure the integration of risk management in business through:
    - the current and prospective risk profile assessment process, aligned and integrated with the main decision-making processes (e.g. definition of the business plan);

  - the assessment of Risk Appetite and of consistency control mechanisms between the latter and the actual risk profile;
  - the explicit consideration of the impact of business initiatives on the risk profile.

The main elements of the Risk Management System are as follows:

- *Risk Appetite Framework (RAF),* consisting of a set of rules, methods, metrics, and processes through which the Group:
  - sets out its risk appetite and the types of risks it intends to take, placing them in relation with the strategic objectives it intends to pursue and with its own capital adequacy restrictions;
  - (through an adequate level of capitalization, prudent management, and attention to customers), achieves a balance between the customers' and shareholders' expectations and "corporate reputation";
- *risk detection,* a process designed to detect, recognize, and record the risks to which the Group and the Company are exposed, in the short term and potentially in the medium to long term, which could compromise the achievement of preset objectives. This process is carried out on at least an annual basis and is coordinated by the Risk Management Department with the involvement of the Organizational Units that are process Owners;
- *risk measurement and assessment,* an activity aimed at assessing the importance of risks in terms of economic impact, as well as guiding the relevant risk-taking decisions (acceptance, elimination, transfer, mitigation). The Group and the Company carry out risk measurement and assessment activities on a quarterly basis, adopting metrics consistent with the Standard Formula for calculating the Solvency Capital Requirement;
- *risk control and monitoring,* a process that ensures a continuous and timely awareness of the progress of risks and impact that the latter may have on achieving preset objectives. Activities are carried out on an ongoing basis both by directly involved Organizational Units and by the Risk Management Department. The latter performs second-level checks on compliance with the limits set by the Board of Directors, giving evidence thereof to the Audit, Internal Control and Risk Committee. The Compliance Department performs monitoring and control activities of any risks of non-compliance with the rules, intervening both with targeted checks on company processes and with preliminary verification activities in the context of corporate business choices;
- *risk management and mitigation,* a process that is carried out for all activities leading to the acceptance, mitigation, transfer, or elimination of risks. Management decisions take into consideration all the information deriving from risk monitoring and reporting, including any reports from Key Departments. The choices made in the "management" area are also subject to assessment in order to understand whether they are capable of generating new potential risks and whether the residual risk arising from their adoption is acceptable. In these activities, consistency between the type of risks taken and the set of skills and resources to support their management must be verified;
- *risk reporting,* sufficiently clear and detailed reporting system capable of providing evidence as to the ability to manage the risks to which the Group and the Company are exposed, or potentially exposed, as well as to provide, current and prospective, key information to help ensure the achievement of strategic objectives. The reporting recipients are: the Board of Directors, the Audit, Internal Control and Risk Committee, Management, the Risk Management Department, and the Compliance Department, as well as the preparers of reports on risks and the Supervisory Authority.

During the year, the Group continued its process of adaptation and optimization of its risk management and corporate governance system to Pillar II rules. This, in particular, concerned a review of the roles and responsibilities assigned to the Company's various Committees and Bodies and the updating of internal policies and procedures.

Risk Management Activities

The Risk Management Department is the second-level structure that generally contributes to setting out and implementing the Group's and the Company's internal control and risk management system. In particular, the Department:

a) contributes to setting out the risk management policy and defines the criteria and related risk measurement methodologies later submitted to the approval of the Board of Directors;
b) contributes to setting operational limits assigned to operating departments and sets out the procedures for the timely verification of such limits;
c) validates the information flows necessary to ensure timely control of exposures to risks and the immediate detection of anomalies found in operations;
d) carries out assessments of the risk profile and reports any risks to the Board of Directors identified as most significant, including in potential terms;
e) prepares reports to the Board of Directors, Top Management, the Audit, Internal Control and Risk Committee, and the Investments Committee on significant risks, activities carried out, issues encountered, and the related measures undertaken to provide detailed information and support managerial decisions, as well as to the Supervisory Authority in line with regulatory requirements;
f) verifies the consistency of risk measurement models with the operations carried out by the Company and contributes to carrying out quantitative studies;
g) monitors the implementation of the Company's risk management policy and general risk profile as a whole.

The Risk Management Department supports the Board of Directors in the development of the Company's risk strategy in line with the business strategy, risk profile, and expected risk appetite, including in consideration of the guidelines set out within the insurance group of which the Company is a member.

Own risk assessment and monitoring processes

As part of the Risk Management System, the Group has developed specific internal methods that are diversified according to the nature of the specific risks to which it is exposed.

The Group performs risk measurement and assessment activities on a quarterly basis adopting metrics consistent with the Standard Formula for calculating the Solvency Capital Requirement.

The Group's risk management system also includes a regular adoption of scenario analyzes and stress tests of the risk types considered to be the most significant in order to assess the impact on its capital. The stress tests are conducted with a frequency required by the type of risk and its evolution, in any case, at least annually.

The findings of the scenario analyzes and stress tests, together with the underlying assumptions and the methods used, are brought to the attention of the Audit, Internal Control and Risk Committee and of the Board of Directors in order to offer a contribution to the review and improvement of risk management policies, operational guidelines, and exposure limits set by the same Board of Directors.

In addition to the stress tests described above, the Group, by way of example without limitation, regularly manages the implementation of stress tests specifically requested by the Supervisory Authority and stress analysis in the ORSA area.

B.3.2 Own Risk and Solvency Assessment

The Group is equipped with a risk management system that enables the detection, assessment, and control of any risks that may affect the Group's solvency or constitute a serious impediment to the achievement of corporate objectives. The risk analysis process adopted by the Group, in addition to a qualitative assessment, includes the current and forward-looking assessment of the solvency level and consistency with all risks assumed by the Company itself, using the methods required by Solvency II rules.

As part of the risk management process, the Group's risk profile is assessed by using both quantitative analysis and qualitative analysis. Within the area of quantitative risk and solvency assessments, the Group measures the evolution of risks on the basis of the Standard Formula establishing dependencies in correlation matrices between risks covered by the risk modules, or sub-modules, and basic Solvency Capital Requirement.

The ORSA process (Own Risk and Solvency Assessment) assumes that the Group and the Company carry out a forward-looking assessment of their own risk and related capital absorption regardless of the calculation of SCR for regulatory purposes, in compliance with the provisions of Article 30-*ter* of the Private Insurance Code, at least annually and whenever circumstances arise that could significantly modify the Group's or the Company's risk profile. The process is an integral part of the Group's and Company's risk management system; the Board of Directors actively participates in this process and approves the same.

The scope of the process includes all significant risks, i.e. any risks whose consequences may compromise the Group's or the Company's solvency or reputation or may constitute a serious obstacle to the achievement of their strategic objectives. Therefore, risks that are difficult to quantify (e.g. reputation risk and strategic risk) are also examined.

The Group and the Company carry out an own risk and solvency assessment within their Risk Management System, on whose findings they underpin their strategic decisions. Current and forward-looking assessments being produced underlie the definition of risk appetite and, therefore, the tolerance limits envisaged in the Risk Appetite Framework. In fact, such assessments support, and are integrated with, strategic planning processes, capital management, and new product development.

The ***ORSA*** project (*Own Risk and Solvency Assessment*) may be divided into:

1. Risk Governance

The ORSA governance process identifies the departments involved and consequently defines the roles and responsibilities thereof. In detail, reference is made to:

- the *Board of Directors* has ultimate responsibility for the internal control and risk management system; it must ensure its constant completeness, operation, and effectiveness adopting timely corrective measures regarding the most significant critical issues;
- *Top Management* is responsible for the implementation, maintenance, and monitoring of the own risk control and management system, including risk deriving from non-compliance with the rules, in line with the Governing Body's guidelines;
- the *Audit, Internal Control and Risk Committee* assists the Board of Directors in evaluating and making decisions regarding the Internal Control System by expressing opinions in regard of setting guidelines and by verifying that the risk management structure implemented is adequate, effective, and proportional to the nature, scale, and complexity of risks, whether on a current or forward-looking basis, providing possible guidelines on such issues.

The Chief Risk Officer (CRO) and the Risk Management Department have the responsibility for the general supervision over ORSA. However, since this is a cross-departmental process throughout the Group, other key departments and the various Risk Owners, as contributors, each for the areas under their responsibility, also participate in its implementation.

2. Risk Assessment and Risk Monitoring

The assessment of business risks begins with a Risk Assessment process configured for each risk considered in line with the risk categorization model adopted by the Group and by the Company.

Measurement and assessment methods are divided in:

- quantitative methods characterized by calculating a "capital requirement using the Standard Formula";
- quantitative methods characterized by the adoption of key indicators;
- quali-quantitative methods, which provide for the integration of quantitative capital measurements (and/or KPI / KRI) with qualitative evaluations.

Risk assessment is performed by measuring the associated capital requirement and is carried out by projecting each detected risk (the Company's specific risk or risk set out with the Standard Formula) using the most appropriate projection method.

In particular, within the risk monitoring area, the Group has detected and planned targeted actions in the event of critical issues or weaknesses in order to:

- optimize risk exposure;
- gradually reduce risk concentration;
- optimize the policy portfolio in terms of risk and return;
- improve and optimize risk governance and ORSA processes.

Risk assessment therefore encompasses the effects of any risk mitigation and risk management actions undertaken.

3. Capital Resources and Solvency

The assessment of the overall solvency requirement is based on the conclusions emerging from the Risk Assessment process and provides:

- projections at the various levels of confidence of SCR and Own Funds to assess the ability to pay out dividends or the need to make capital increases;
- the Overall Solvency Need (OSN) under conditions of normal operations and stress to forecast whether solvency may fall below the threshold;
- the impact of corrective actions implemented in response to unfavorable economic conditions specifying the benefit obtained compared to the benefit expected.

Using the Standard Formula, the Group proceeds to the calculation of its solvency position on a quarterly basis and performs risk monitoring on an ongoing basis using a dashboard of indicators regularly checking compliance with the thresholds.

4. Forward-Looking Assessments

Forward-looking risk assessment takes place in the first projection phase, aimed at calculating the value of assets and liabilities and in the second phase, aimed at the projection of cash flows and calculation of the *Best Estimate Liability* (BEL).

The Risk Management Department assesses whether the planned risk profile changes have been adequately modeled using the projection methods. The Actuarial Department, instead, evaluates the adequacy of the projection methods with specific reference to the amount of technical provisions. For this purpose, quantitative studies (e.g. by examining changes) or qualitative evaluations may be used.

The assumptions underlying the development of the strategic plan are taken into account when carrying out a forward-looking assessment.

5. Stress Tests and Scenario Analysis

During a forward-looking assessment, a number of tests are carried out to measure the resilience of capital availability upon the occurrence of plausible events or scenarios. Stress factors may act individually or in combination, and may be of a financial, credit, economic, or business nature.

Lastly, reverse stress tests are carried out to detect the causes and magnitudes of the stresses that may cause changes in Own Funds or risk capital such as to cause the Solvency II Ratio to reach certain thresholds.

6. Notification and Documentation

Both the ORSA process and its results are duly documented internally. The documentation must be sufficiently detailed and sufficiently complete to always be subject to independent review, whether internal, external, or any other control capable of formulating a judgment on the reliability of ORSA.

The documentation must be kept up to date and each Risk Owner will be responsible for ensuring that the documentation for their own risk is prepared correctly. CRO and the Risk Management Department will still maintain supervision over the general documentation of the ORSA process.

The Group will, at least on an annual basis, prepare a report that will, on one side, provide an update of the capital projections and detection of the main risks or scenarios deriving from the plan; on the other side, it will provide a description of business processes, including governance, risk assessment, and risk management. The report will at least include the minimal information required by applicable legislation.

In relation to the approval and review processes, CRO will bring the ORSA Report to the attention of the Audit, Internal Control and Risk Committee, including any supporting documentation for their consideration. Such documentation will be examined by the Board of Directors, which is responsible for approving the ORSA Annual Report.

Any decision taken with regard to corrective actions or contingency plans will be recorded and included in the report to the Supervisory Authority. Once the findings of the ORSA report have been approved by the Board of Directors, they will be notified to the departments involved together with the conclusions of the governing body.

Significant events

A formal review of ORSA is required in case of significant events that could have an impact on the Group's and the Company's solvency prospects, their ability to achieve the business plan objectives, or if expressly requested by the Board of Directors or CRO.

The reasons for CRO to be called upon to review the ORSA include:

- events involving unexpected losses;
- significant mergers and acquisitions;
- relevant capital management operations;
- significant changes in any risk exposure;
- drafting of a new business plan.

B.4 Internal Control System

The Internal Control System responds to the need to guarantee a sound and prudent management of the Company's activities, while reconciling the achievement of corporate objectives with the correct and timely monitoring of risks and operations based on correctness criteria.

In this context, the effective interaction between the Company's organizational units becomes important for an integrated view of risks and a dynamic process of adapting control methods to changes in the internal and external context. This system, at every corporate level, provides suitable safeguards to preventing risks, in this regard assigning an active role to all personnel, each in the performance of their role and within their responsibilities.

During the financial year, the Board of Directors assesses the adequacy, effectiveness, and efficient operation of the internal control and risk management system, supported by the Internal Control, Audit and Risk Committee, CRO area and other control bodies (Board of Statutory Auditors, Supervisory Body, pursuant to Legislative Decree No. 231/2001, and the Independent Auditor).

In the performance of their activities, each employee has the duty to commit to preserving the value of the Group's sound and prudent management, avoiding any exposures to risk sources.

It is therefore everyone's duty to proactively detect any causes of risk and take action to ensure that appropriate control instruments are set up, if not already required.

The internal Key Departments, Internal Audit, Compliance and Risk Management operate in synergy respecting the autonomy and independence of each, sharing every information and tool useful for an overall assessment of the internal control system.

With specific reference to the Compliance Department, the same has the task of assessing the Company's organization and internal procedures in terms of adequacy with respect to achieving the objectives of preventing the risk of incurring judicial or administrative penalties, loss of assets, or damage to reputation, as a result of laws, regulations, or measures of the Supervisory Authorities or codes of conduct.

In particular, in assessing non-compliance risk, particular attention is paid to compliance with rules on the transparency and correctness of behavior towards policyholders, pre-contractual and contractual information, the correct execution of contracts and, more generally, consumer protection. The Department, in full compliance with applicable legislation, holds an independent position from operational units, and is coordinated by the *Chief Risk Officer* (CRO), reporting to the Board of Directors, which has defined its tasks, operating criteria, reporting methods and frequency to the Corporate Bodies.

The Department regularly reports on the activities performed to the Chief Executive Officer, the Board of Statutory Auditors, the Supervisory Body, and the Audit, Internal Control and Risk Committee.

The Department regularly shares the activities carried out and the critical issues found with the other Key Departments.

With reference to reporting activities, the Compliance Department provides the Board of Directors with a quarterly report on the activities carried out during the reference period. Such information includes: a) the outcome of the assessment activities carried out specifying the residual non-compliance risk; b) the findings of follow-up activities; c) information on the initial notification made with regard to regulations issued during the quarter in question by the main industry Authorities; and) activities carried out in relation to special projects and/or following specific requests from corporate bodies, the Supervisory Body, or the Company's organizational units.

B.5 Internal Audit Department

The Internal Audit Department of Eurovita Holding S.p.A. carried out audit activities for Eurovita S.p.A. in 2018 under a service agreement.

In accordance with the provisions of IVASS Regulation No. 38/2018, the Board of Directors of the company Eurovita Holding S.p.A. (Holding Company) sets out and approves directives on the corporate governance system, which include the Internal Audit policy.

The policy lays down the requirements of the Internal Audit department in terms of organizational positioning, objectives, roles, responsibilities, tasks, powers, communication flows with other corporate departments and reporting.

It emphasizes the Internal Audit purpose of ensuring an ongoing and systematic independent monitoring of the internal control and risk management system, understood as a process of detection, measurement, management and monitoring of main business risks, in order to verify its adequacy and effective operation with respect to the Company's objectives, providing the Board of Directors, the Board of Statutory Auditors, the Audit, Internal Control and Risk Committee, Top Management and Management with the tools required for their assessments.

The Internal Audit Department verifies and evaluates the effectiveness and efficiency of the internal control system adopting a risk-based method and international standards for the professional practice of Internal Auditing, as codified by *Associazione Italiana Internal Auditors* (A.I.I.A., Italian Association of Internal Auditors) and in accordance with the Internal Audit policy.

The Head of the Internal Audit Department is appointed and dismissed by the Board of Directors by special resolution, after hearing the opinions of the Audit, Internal Control and Risk Committee and of the Board of Statutory Auditors, and must meet the eligibility requirements for the position as defined in the Group Guidelines concerning *Fit & Proper* requirements.

In order to guarantee the Department's independence and objectivity, and in compliance with the principle of separation between operating and control departments, the latter directly reports to the Board of Directors. Moreover, its Manager is not entrusted with operating duties or tasks of auditing units over which he/she has previously had authority or responsibilities, unless a reasonable period of time has elapsed.

The Internal Audit Department prepares an annual audit plan, part of a multi-year plan, which sets out a list of audit activities, mainly composed of core processes, components of the internal control system, and IT system. The scope of the checks to be carried out is set out for each audit. Each audit activity is substantiated in an Audit Report, which clearly and objectively highlights the activities carried out, the situation found, and any shortcomings, and the related recommendations. The Audit Report is signed by the managers called to implement corrective actions, for greater responsibility with regard to the commitments to be undertaken.

In its structure, the Audit Plan responds to the need to provide "*assurance*" to the Board of Directors through an independent and objective assessment of the overall adequacy of the Internal Control System and "*advice*" by offering support to the organization to guarantee the validity of the design of its controls.

In consideration of the Group's structure and the nature, scope, and complexity of corporate risks, the position of the internal anti-fraud activity and control of the agency network have been considered compatible with the typical activities of the Internal Audit Department. In fact, the placement of these activities under the Department does not generate conflicts of interest but enables an exchange of information and significant synergies with the review activity in a strict sense, guaranteeing independence and a method in line with auditing standards. Similarly, the appointment of the Head of the Internal Audit Department as a member of the Supervisory Body complies with the provisions of Article 271, paragraph 2, of Delegated Regulation No. 2015/35/EU.

B.6 Actuarial Department

The business unit entrusted with the tasks referred to in Article 30-*sexies* of the Private Insurance Code (i.e., Legislative Decree No. 209/2005), is placed in the coordination area of the *Chief Risk Officer*.

In order to ensure the effective adoption of the Group's insurance Company's risk management system, the Head of such unit functionally reports to the Company's Board of Directors with the tasks and responsibilities required by applicable legislation.

During financial year 2018, the Actuarial Department:

- monitored the activities performed by the Actuarial Area when setting out assumptions for calculating technical provisions, ensuring the adequacy of the methods and models applied, as well as the correctness of the assumptions used for the calculation;
- directly managed the following activities:
  - coordination of the calculating process of technical provisions;
  - production of reports for which it is responsible address to the Board of Directors;
  - contribution to the detection, planning, and monitoring of any corrective actions;
- verified:
  - the management of the use of data for the calculation of Solvency II technical provisions;
  - the consistency between amounts calculated on the basis of measurement criteria applicable to the statutory financial statements and those resulting from the adoption of Solvency II criteria, as well as the consequent representation of, and reasons for, any differences that emerged;
- expressed opinions on the implementation of corporate underwriting and reinsurance policies;
- cooperated with the Risk Management Department, providing its contribution in defining the Company's risk profile and monitoring the Solvency Capital Requirement; such contribution consisted in expressing an opinion on the operational and economic assumptions adopted within sphere area of its actuarial responsibilities;
- for the purpose of ORSA projections, it verified the correctness and consistency in the adoption of the assumptions underlying the calculation of Technical Provisions;
- contributed to the formalization of Pillar I methodological documentation and operational practice.

B.7 Outsourcing

By outsourcing operations an enterprise may improve its effectiveness and/or efficiency standards and/or greater flexibility in internal management without obviously affecting the levels of responsibility that remain the Group's and the Company's responsibility.

Pursuant to Article 2, paragraph 1, sub-paragraph c), of IVASS Regulation No. 38/2018, the Group and the Company have defined the outsourcing of certain operations as "essential or important". The outsourcing of these operations must take place in compliance with specific conditions in order not to compromise the Group's ability to continue to meet the required conditions for the preservation of the authorization to operate, or to seriously compromise its financial results, the Company's stability or continuity / quality of services provided to policyholders.

The corporate departments considered essential or important are those involved in the Group's and in the Company's corporate governance activities or those involved in activities required for the performance of core business and further identified in accordance with applicable statutory and regulatory provisions.

For the outsourcing of all activities considered essential or important based on the criteria listed above, the Group must ensure that:

- the process has no significant impact in terms of quality and efficiency with regard to the governance system;
- the Company's financial results, stability and business continuity are not compromised;
- the quality of services provided to policyholders is not reduced;
- the process does not involve an excessive increase in operational risks;
- the Supervisory Authorities understanding of operations is not reduced for the purpose of monitoring the activities carried out by the Company and the Group;
- the Company's and the Group's other departments' management process is not rendered inefficient.

The outsourcing of these operations always presupposes a preliminary assessment by the Head of the Department involved in regard of the essential nature or importance of the operation to be outsourced for the adoption of correct outsourcing methods.

A person in charge of supervision over the outsourced operation will be identified at the start of outsourcing. The same will continuously ensure the quality of the service, and detect and participate in the resolution of any unforeseen situations and promote the development of outsourced operations.

The outsourcing procedural methods and safeguards adopted by the Group follow the criterion of relevance of the activity to be outsourced in the context of the organizational and/or operational and/or production structure of the enterprise and must necessarily meet the principles of economy, effectiveness and efficiency.

More specifically, in order to identify the activities to be outsourced and resulting feasibility assessments, the departments or areas involved will comply with the limits set by legal and regulatory provisions and by the provisions laid down in company procedures regarding budget preparation and approval, taking into consideration the following:

- <u>economic-financial criterion</u> (cost containment, realization of economies of scale, etc.);
- <u>strategic-organizational criterion</u> (evaluation of internal processes revealing: absence within the corporate department of resources with the appropriate professional skills to carry out a specific activity; development of internal resources in "core" sectors, optimization of the internal organizational structure, improvement of the governance system, etc.).

The outsourced operations will be monitored by performing quality audits of the service being provided, carrying out standard checks similar to those that would be carried out if the activities were performed directly by the Company or by other Group companies and of the suitability of the service provider.

The analysis carried out at the time of the outsourcing will be reviewed annually and, in the light of any significant changes not envisaged in the reference scenario, it may be supplemented in order to constantly provide an updated picture of the possible scenarios to which the Group and the Company may be exposed.

In the event that the analysis carried out reveals new significant elements, it will be necessary to prepare a report for Key Departments and for Top Management in order to keep such officers posted on the findings.

The table below summarizes the main outsourcing activities in operation at Eurovita during the year 2018 notified to IVASS as essential or important as pursuant to IVASS Regulation No. 38/2018.

Supplier	Outsourced operation
Integra Document Management S.r.l.	Policy archive, settlement (signature validations and controls), collective policies management, CRM fax server management, anti-money laundering and CRS compliance checks
Logidoc S.r.l.	Storage, custody, and warehouse management services
BNP Paribas	Class I asset management
Goldman Sachs Asset Management International	Class I PIP asset management
TI TRUST Technologies S.r.l.	Substitutive retention of life insurance proposals
IBM Italia S.p.A.	ICT Facility Management
Centax Telecom S.r.l.	Management of inbound and outbound telephone calls
Previnet S.p.A.	Management of employees' and managers' pension schemes and collective policies
Italarchivi S.r.l.	Document storage management of the ex EVA Company's document in hard copy
8a+ Investimenti SGR S.p.A.	Management of unit-linked investment portfolios "Eurovita GPM Free"
Consultinvest Asset Management SGR S.p.A.	Financial management of unit-linked funds marketed by Consultinvest Investimenti SIM S.p.A.
Banca Profilo S.p.A.	Financial management of unit-linked funds marketed by Banca Profilo

Following the merger in 2018, Eurovita S.p.A. started a harmonization and streamlining process of the above contracts, including with the aim of obtaining cost synergies, to be completed in 2019.

During financial year 2018, Eurovita Holding provided the Internal Audit service to the Eurovita Group companies.

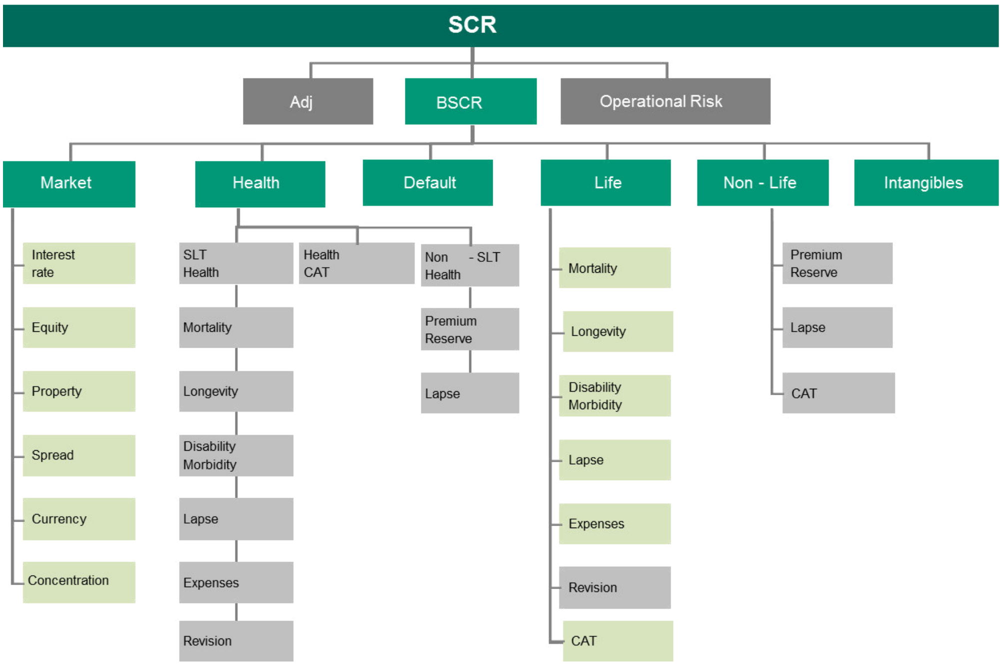
B.8 Other Information

Pursuant to Article 36, paragraph 1, of IVASS Regulation No. 33/2016, the Holding Company of the Eurovita Group, Eurovita Holding S.p.A., requested and obtained the authorization from IVASS to exercise the right to file a single solvency and financial condition report (SFCR) for the Group and its subsidiaries.

The company Eurovita S.p.A. is subject to management and coordination of the Holding Company Eurovita Holding S.p.A. The latter - among other things - continues to meet the conditions required by Article 5 of IVASS Regulation No. 22/2016 so as to be qualified as Holding Company of the insurance Group. In fact, the Company remains the ultimate Italian holding company pursuant to Article 210, paragraph 2, of Legislative Decree No. 209/2005.

C. RISK PROFILE

Considering the Group's type of business, mainly linked to the marketing of traditional and unit-linked life products, the risks envisaged by the Standard Formula for which SCR is being quantified are Market Risk, Counterparty Default Risk, Life Underwriting Risk, and Operational Risk. The chart below shows all the risks (including risk sub-modules), highlighted in green, of the Standard Formula setting out the Group's risk profile.



The risk management strategy and monitoring measures adopted by the Group are illustrated hereunder for each risk category. In general, this strategy's main objectives are to protect value creation and support growth in the awareness and careful assessment of risk. As a result, the Group's risk strategy is centered on:

- avoiding any losses and any potential threats to the achievement of business objectives;
- consciously accepting the defined risks, in line with the Group's risk appetite;
- taking advantage of all opportunities that meet the Group's risk appetite.

As a result, any risks that do not contribute to value creation or do not coincide with strategic objectives or do not fall within the defined risk appetite should be avoided. Any risks that inevitably arise during the course of activities are monitored and reduced whenever possible. Finally, some risks may be actively pursued in line with business objectives and in exchange for potential returns.

C.1 Underwriting Risk

A substantial part of risk analysis is carried out through the actuarial projection model used within the Company, which enables an integrated view of business assets / liabilities setting out risk measures in terms of capital absorption for the main types of risk. The solvency position is evaluated according to the Standard Formula on a quarterly basis.

With regard to the product development process in general, the Company pays special attention to risks associated with the launch of new products and their evaluation by profit-testing to ensure the sustainability of coverage being provided, risk level, and margins generated for the Company and the Group. Pricing is based on adequate statistical studies of the actuarial type, including on a forward-looking basis, to ensure an adequate underwriting of risks when setting the premium and premium charges, including in relation to placement and contract management / maintenance costs.

The Company has been paying, and will continue to pay, special attention to defining options to be granted to customers, such as the possibility of making additional payments or automatic deferment upon maturity, and mitigating redemption risk. Where appropriate, balanced early termination penalties will be introduced.

During the annual planning phase there is also a continuous discussion and monitoring of market trends and foreseeable scenarios, a calculation of the capital requirement using the Standard Formula and a careful assessment of exposure to insurance risk, within the limits of risk tolerance, in terms of quantity and type of new business.

During the year 2018, the Company paid special attention to the provision of financial guarantees, characterized by contained amounts and aligned with the economic / financial situation in force at the time of the underwriting and its expected future evolution, favoring products with financial guarantees consolidating the guaranteed minimum per event, pursuing a balanced mix of products with financial risk partially borne by the Company and products whose market risk is wholly incurred by the customer.

During planning and, therefore, also at the time of forward-looking evaluations, the Company assumed a business oriented towards:

- mixed single and recurring premium products with 0% guarantee levels
- single-premium unit-linked products
- protection products
- multi-class products.

At 31 December 2018, the solvency capital requirement for Life underwriting risk amounted to €173.1 million. The breakdown between the various risk sub-modules, based on the corresponding capital requirement calculated using the Standard Formula, shows a risk profile as summarized in the table below.

Life UW risk details €/m	**2018**
Mortality risk	14,5
Disability-morbidity risk	5,3
Longevity risk	1,4
Lapse risk	146,8
Life expense risk	36,3
Revision risk	0,0
Life catastrophe risk	7,3
Diversification	-38,4
Life underwriting risk	**173,1**

C.1.1 Mortality Risk

The Group's insurance Company's exposure to mortality risk is limited both on a current and on a forward-looking basis; the mortality tables used by the Company for the pricing of products are prudential.

The Company's risk management strategy requires the annual monitoring of the portfolio's loss ratio by comparing the actual mortality and probable mortality in terms of sums insured and number of contracts; thus, the Company verifies the consistency of second-order tables with real mortality trends in the portfolio.

Reinsurance, implemented with proportional and surplus treaties, is significant among the risk mitigation elements.

C.1.2 Morbidity Risk

The Group's insurance Company's exposure to current morbidity risk is limited by virtue of the portfolio characteristics. The risk management strategy takes place by monitoring the portfolio's performance and evolution.

C.1.3 Longevity Risk

The Group's insurance Company's exposure to current longevity risk is limited by virtue of the portfolio characteristics, which include few annuity contracts, which however have non-guaranteed option coefficients upon issue; for full-life contracts with high guaranteed minimum levels, the Company has continued the redevelopment of its customer portfolio by offering a range of alternative products to those currently held.

From a forward-looking standpoint, however, risk remains limited given the expected unwinding of the portfolio.

The Company's risk management strategy requires the annual monitoring of the portfolio survival by comparing the actual survival with probable survival in terms of insured sums and number of contracts; thus, it verifies the consistency of second-order tables with the trend of actual portfolio survival.

C.1.4 Lapse Risk

As part of the underwriting risks, the risk of a slowdown in redemption frequencies is particularly significant given the characteristics of the policy portfolio and minimum guaranteed levels for old traditional products.

The Company's risk management strategy requires a monthly monitoring of the redemption trend indicators in order to find any anomalous trends. Indicators are constructed both in terms of amounts and in terms of number of redeemed policies and are broken down by separate management fund and by minimum guaranteed level. Such regular monitoring, although constructed with a different approach from the examination of redemptions carried out annually, constitutes a support tool for the monitoring of consistency, over time, of the assumptions underlying the calculation of liabilities with the trend of actual redemptions in the portfolio, thereby underwriting risk more accurately.

For the definition of new products, which by their very nature are exposed to the risk of an increase in lapse frequency, the Company has, where appropriate, introduced balanced early termination penalties to mitigate risk.

At the time of the assessments at 31 December 2018, the redemption assumptions adopted by the Company in the calculation of BEL and therefore of SCR were reviewed thoroughly. On the one hand, this was aimed at harmonizing the methods to state assumptions for portfolios arising from the three companies which then merged into Eurovita. In the previous 2017 YE assessments, the Company had deemed it appropriate to inherit the same redemption projection assumptions adopted by the previous management, given that in the face of difficulties due to the merger it was the only solution that would allow compliance with the deadlines set by regulations. On the other hand, the operational assumption methods had already been modified in the 2018 YE assessments in consideration of the irregularities notified by the Supervisory Authority as part of the inspection conducted in the fourth quarter of 2018. Altogether, in setting the redemption frequencies, the Company adopted a more prudential approach than the 2017 YE assessment, with a resulting significant impact in terms of increase in BEL and SCR.

This review of redemption assumption, among other things, led, in the calculation of the Solvency Capital Requirement at 31 December 2018, to a prevalence of exposure to the risk of massive lapse, whereas previously the predominant exposure that characterized the risk profile was the exposure to a reduction in redemption frequencies.

C.1.5 Expense Risk

The trend in expense risk in the Company's risk profile has been positively affected by the cost synergies arising from the merger of the three companies and negatively affected by the decline of the former Ergo Previdenza portfolio, offset by the entry of new business in the medium term.

The Company's risk management strategy requires an annual monitoring of theoretical expenses and actual expenses in order to meet cost coverage objectives through portfolio and business volumes in line with unit cost assumptions.

With regard to this risk, it should be noted that following the aforementioned IVASS inspection, the Company adopted a more prudential approach in setting expense assumptions that contribute to the calculation of BEL. In particular, in consideration of the observations made by the Supervisory Authority and while awaiting the implementation of further measures to strengthen the cost allocation process among the various items, the Company deemed it appropriate to apply a 15% prudential reduction factor of the allocation percentage to acquisition costs - to the portion of total expenses allocated to acquisition costs -, a percentage deemed to be reasonable considering the reliability of the current process.

C.1.6 Life Catastrophe Risk

Life catastrophe risk is managed by monitoring the performance and evolution of the portfolio.

C.2 Market Risk

The market risk profile sees a prevalence of spread risk, with a minor contribution from equity and interest rate risks and a residual component of other risks. This picture is consistent with the asset allocation that characterizes the Separate Management Funds of the Company: these are in fact mainly invested in Euro area government bonds, as well as in a significant component of corporate bonds that may give rise to spread risk.

From a portfolio diversification standpoint and for the purpose of optimizing the risk-return profile, the Company increased the weight of indirect investments in credit and alternative funds and entered into derivative contracts on Euro area government bonds.

With regard to investments in the "Class D portfolio", the Company is indirectly exposed to market risk transmitted by the policyholders' assets, since management fees are charged in proportion to the market value of the customers' funds, rather than in proportion to their initial investment. This is an accepted risk of the Company's business model, which meets the purpose of making the proposal more attractive to customers.

At 31 December 2018, the solvency capital requirement for market risk amounted to €370.9 million. The breakdown between the various risk sub-modules, based on the corresponding capital requirement calculated by using the Standard Formula, shows a risk profile as summarized in the table below:

Market risk details €/m	2018
Interest rate risk	78,9
Equity risk	75,1
Property risk	20,8
Spread risk	233,9
Concentration risk	44,1
Currency risk	0,0
Diversification	-82,0
Market risk	**370,9**

In compliance with the principle of sound and prudent management, operations in derivative financial instruments and investments in structured products are carried out in the following manner:

- either derivative instruments traded on regulated markets or derivative instruments traded on unregulated markets that offer adequate liquidation guarantees may be used;

- derivative instruments must be “hedged”: the Company must have suitable and sufficient assets to meet the commitments arising from such contracts;
- in the event of operations on assets hedging technical provisions, the values underlying the derivative contracts must consist of eligible assets for the purpose of hedging technical provisions or indices based on such types of assets;
- the use of derivative instruments must not lead to the violation of any investment thresholds required for the underlying assets;
- transactions in derivative instruments must be adequately monitored through systems that make it possible to measure and manage the resulting risks, as well as simulate their impact on the Company’s economic and financial position, including in adverse scenarios.

In compliance with IVASS Regulation No. 24 concerning investments and assets hedging technical provisions, the Company prepared its “Guidelines on investments and assets hedging technical provisions” documenting its management policy for the purpose of:

- optimizing the Company’s profitability in line with its risk profile;
- maintaining an adequate solvency and liquidity level in different scenarios;
- ensuring an adequate level of security, quality, liquidity, profitability, and availability of the securities portfolio as a whole;
- setting limits on the investment portfolio, including in consideration of the characteristics of the liabilities;
- setting the investment strategy taking into account the risk appetite, risk tolerance levels, and ability to detect, measure, monitor, and manage risks associated with each type of asset;
- ensuring that the adoption of investment decisions takes into account the risks related thereto without relying exclusively on the fact that they were properly considered in the capital requirements;
- defining an investment strategy taking into account that the assets hedging technical provisions were adjusted to the nature of the risks and obligations undertaken and duration of liabilities;
- ensuring that management takes place in the best interests of policyholders;
- ensuring that the Company has an adequate level of liquidity to cope with disbursements at any time, regardless of market situations;
- ensuring that the assets hedging technical provisions are adjusted to the nature of risks and obligations undertaken and duration of liabilities, and are in the best interests of all contractors, policyholders, beneficiaries, and assignees of insurance benefits.

However, the Company continues to monitor financial risks in order to implement any corrective measures and minimize the effects of adverse market changes that may result in a loss in the value of investments, influence the behavior of policyholders, and increase the cost of return guarantees embedded in the liability portfolio.

Through an integrated examination of assets and liabilities by individual separate management fund, the sustainability of the guaranteed minimum amounts compared with the forward-looking macroeconomic scenario and the matching between assets and liabilities is examined in terms of net cash flow and duration.

With reference to loan securities granting or underwriting transactions, repurchase agreements or reverse repurchase agreements, including liquidity swaps, during the year the Company entered into repurchase agreements for a total amount of €38.8 million. Likewise, within the time frame of the plan, it may make use of these transactions aimed at managing cash in compliance with the limits set in the Investment Framework Resolution.

With regard to the loan portfolio, it should be noted that the item “Mortgages and Loans” amounting to approximately €31 million includes loans on life policies granted to customers within the limit of the actuarial provision in place at the time of disbursement.

C.2.1 Interest Rate Risk

In order to limit exposure to interest rate risk, the Company has implemented a policy to optimize its investment performance and to monitor the match between assets and liabilities by separate management fund on an ongoing basis.

For the temporary increase, at 31 December 2018, in SCR arising from the Interest Rate Risk module due to the mismatch between assets and liabilities as at that date, due to the subsequent change in redemption assumptions, which led to a change in the Company’s risk profile, which was temporarily exposed to a drop in interest rates, please refer to the information provided in A.5 above.

C.2.2 Spread Risk

The characteristics of the current and forward-looking bond portfolio expose the Company to spread risk, to be understood as the risk deriving from sensitivity of the value of assets, liabilities and financial instruments to changes in the level or volatility of credit spreads with respect to the structure by maturity of risk-free interest rates.

To reduce exposure, the diversification of the corporate segment continued during the year, including by increasing the weight of indirect investments (credit funds and alternative investments). It should also be noted that, during the fourth quarter, there was a further reduction in the weight of this risk component resulting from a rebalancing towards the sector of government securities.

C.2.3 Equity Risk

Given the current and forward-looking asset portfolio, the Company is exposed to the risk arising from the level or volatility of equity market prices.

In order to contain such risk, with reference to the Class C portfolio, positions in listed equity securities were eliminated and unlisted securities will be progressively disposed of so as to restrict exposure to the Class D portfolio only.

C.2.4 Real Property Risk

Given the current and forward-looking asset portfolio, the Company is marginally exposed to real property risk; management actions were implemented to limit any indirect exposures in this sector.

C.2.5 Currency Risk

Given the current and forward-looking asset portfolio, the Company is exposed to currency risk mainly with regard to the Class D portfolio.

With regard to the Class C portfolio, currency exposure is only in indirect investments.

C.2.6 Concentration Risk

Given the current and forward-looking asset portfolio, the Company is not exposed to concentration risk. The Company manages concentration risk by defining specific limits by asset class, reviewed annually by the Board of Directors upon approval of the Investment Framework Resolution.

With reference to loan securities granting or underwriting transactions, repurchase agreements or reverse repurchase agreements, including liquidity swaps, the Group neither carried out nor has any plans to carry out any transactions of this kind in the activity plan for the period 2017-2021.

With regard to the loan portfolio, it should be noted that the item “Mortgages and Loans” includes loans granted to employees at the conditions established by the supplementary company agreement; the amount is irrelevant and equal to less than €366 thousand.

C.3 Credit Risk

Credit risk is the risk associated with losses due to insolvency or changes in the creditworthiness of issuers of financial instruments.

With regard to counterparty risk, the Group and the Company, which have a limited exposure, borrowed the measurement method of the Solvency II Standard Formula, monitoring the same regularly.

At 31 December 2018, the solvency capital requirement for credit risk amounted to €10.5 million. The breakdown between the various “type-1” and “type-2” exposures, based on the corresponding capital requirement calculated by using the Formula Standard, shows a risk profile as summarized in the table below.

Credit risk details €/m	2018
Type 1	9,1
Type 2	1,8
Diversification	-0,4
Credit risk	**10,5**

C.4 Liquidity Risk

Liquidity risk arises in the event that the Group and the Company, due to difficulties in finding new funds or liquidating assets on the market, are forced to bear losses to meet its commitments or are unable to bear the same promptly.

In particular, the Company has adopted a two-tier short-term and medium-term global liquidity management policy to contain such risk.

The Company, also, performs a careful analysis of their cash flow on a quarterly basis by monitoring the risk in accordance with the “Liquidity Risk Management Plan” set within the Investment Framework Resolution (under IVASS Regulation No. 24/2016), verifying that the value of the Liquidity Coverage Ratio (LCR), given by the ratio of liquid assets to incoming flow / outgoing flow, is not under 125%.

The Company makes regular ALM examinations detecting and evaluating the structural mismatch between assets and liabilities in relation to maturity dates; the projection of expected flows of assets and liabilities, maturities, claims, and redemptions over a time horizon of thirty years makes it possible to examine the appropriateness of the asset composition in terms of their nature, duration, and liquidity. The effects of flows deriving from new business expectations are also considered, in line with the multi-annual Business Plan.

Moreover, the Company calculates expected profits included in future premiums (EPIFP) as provided for in Article 260 of the Delegated Acts; in particular, the value of EPIFP is calculated at the level of individual policy and for each of the homogeneous risk groups identified by the Company.

C.5 Operational Risk

Operational risk is defined as the risk of suffering losses deriving from the inadequacy or malfunctioning of processes, human resources, and internal systems, or from external events.

With regard to the measurement of this type of risk and definition of related capital absorption, the Group uses a method defined as Standard Formula in the Solvency II documentation.

At 31 December 2018, the operational risk value calculated by the Group amounted to €54.5 million. In relation to IT systems, the Company's security, access, continuity, and performance requirements are guaranteed and integrated by a specific strategic plan (Disaster Recovery Plan) aimed at minimizing the loss of information and time for restoring corporate information in particularly critical situations. This is accompanied by the mapping of corporate processes (business, governance, and support processes).

C.6 Other Material Risks

Among material risks, The Group has identified non-quantifiable risks, which include reputation, non-compliance, and strategic risks; such risks are not included in the calculation of the Solvency Capital Requirement.

For the management of such risks, the Group has set up specific control measures to ensure effectiveness on an ongoing basis.

During the course of 2018, the Group did not detect any particularly critical issues or exposures. Therefore, no risk capital was allocated for this type of risk in a forward-looking assessment.

Concentration of Risks

As highlighted above, at 31 December 2018, the solvency capital requirement for the concentration risk sub-module relating to market risk was zero.

The Holding Company ensures that risk concentrations do not produce adverse effects on the Group's solvency or cause damage to the interests of policyholders or other persons entitled to insurance benefits, or to the interests of the companies involved.

To this end, intercompany transactions and risk concentrations of companies belonging to the Eurovita Group are settled on the basis of a policy issued by Eurovita Holding and prepared pursuant to IVASS Regulation No. 30/2016 on "Supervision of Intercompany Transactions and Risk Concentrations". Such policy is consistent with the Group's strategy and Risk Appetite, and with its risk management policy and investment policies deriving therefrom.

The Group considers risk concentrations as significant when they could jeopardize the solvency or liquidity of the Group itself. Consistent with the recommendations of IVASS Regulation No. 30/2016, concentrations for an amount equal to or greater than 5% of the Group's Solvency Capital Requirement are presumed to be significant.

With regard to the current and forward-looking asset portfolio, concentration risk is managed by setting specific thresholds, reviewed annually by the Board of Directors upon approval of the Investment Guidelines. Similarly, credit exposures to banks and issuers of financial instruments and any concentrations that may arise in such areas are regulated in the more general context of the investment activities laid down in the Investment Framework Resolution. Thresholds are defined according to geographical, sector, and rating concentration risk. The resolution, approved by the Board of Directors of the company Eurovita Holding S.p.A. and subsequently adopted by Eurovita S.p.A., establishes specific concentration thresholds.

With regard to the reinsurance segment, concentration risk is managed by setting specific thresholds within the Reinsurance Framework Resolution.

Concentrations of significant risks recognized as at 31 December 2018 are reported in QRT S.37.01 and concern:

- issuers of securities and derivative instruments relating to the investment portfolio;
- bank counterparties;
- reinsurance counterparties;
- subordinated loans.

Also by virtue of the guidelines for the management of such exposures as defined in investment and reinsurance policies, the concentrations recorded should not be considered critical or such as to produce adverse effects on the Group's solvency, or to cause prejudice to the interests of those entitled.

D. MEASUREMENT OF ASSETS AND LIABILITIES FOR SOLVENCY PURPOSES

This section provides information on the asset and liability values used measurements for Solvency II purposes (hereinafter, Market Consistent Balance Sheet), compared with the values resulting from the consolidated financial statements of the Eurovita Group, prepared on the basis of the IAS / IFRS accounting principles, in compliance with the relevant legislation for the preparation of financial statements.

As previously reported, the Group's Holding Company, pursuant to Article 36, paragraph 1, of IVASS Regulation No. 33/2016, applied for and obtained authorization from IVASS to exercise the right to file a single solvency and financial condition report (SFCR) for the Group and its subsidiaries.

The details of values referring solely to the Company Eurovita S.p.A. are also shown below. For this purpose, it should be noted that the data may differ from the data deriving from the "stand-alone" financial statements due to intercompany offsetting (e.g. equity investments).

The consolidated financial statements of the Eurovita Group, as at 31 December 2018, comprise the insurance company Eurovita S.p.A. and the company Agenzia Eurovita S.r.l.

A quantitative and qualitative explanation of any significant differences between the bases, methods, and main assumptions used for the measurement of the Market Consistent Balance Sheet and those used for balance sheet measurements in the consolidated financial statements of the Eurovita Group is presented below.

It should also be noted that the bases, methods, and main assumptions used at Group level for the measurement of assets, technical provisions, and other liabilities for solvency purposes are in line with those used by the Subsidiaries for the measurement of their assets, technical provisions, and other liabilities for solvency purposes. The aggregation in classes took into account the nature, function, risk, and materiality of the assets and liabilities other than technical provisions.

Measurement methods for non-technical assets and liabilities

Article 9 of the Delegated Regulation specifies that international accounting standards (IFRS) should be adopted for the measurement, for Solvency II purposes, of assets and liabilities other than technical provisions, provided that such principles include measurement methods consistent with the measurement approach pursuant to Article 75 of the Directive.

In defining the fair market value of its balance sheet items, the Group used models that consider the risk associated with the estimation of certain parameters consistent with market variables, where available.

The measurement of non-technical assets and liabilities was recognized according to the provisions of IVASS Regulation No. 34/2017.

Based on this approach, assets and liabilities are, respectively, measured at the amount at which they could be traded or transferred / settled between informed and consenting parties in a transaction carried out at fair market conditions. In the measurement of liabilities, the adjustments relating to the impact of the Company's creditworthiness were considered in order to eliminate the same consistent with the Regulation requirements.

The postulates of international accounting principles, fully applicable except as otherwise provided for in the Delegated Regulation, are:

- going-concern assumption;
- separate measurement of individual assets and liabilities;
- materiality assumption: errors or omissions should be considered material if, at individual or Group level, they may influence the business decisions of users of the financial statements.

In a Market Consistent Balance Sheet, assets and liabilities should be measured on a going-concern assumption in accordance with the provisions of the relevant legislation:

- Article 75 of Directive No. 2009/138/EC, as amended by Directive No. 2014/51/EU of 16 April 2014 (referred to as "Framework Directive", which sets out the fundamental principles of the new "Solvency II" regime);
- Article 35-*quater* of Legislative Decree No. 74 of 12 May 2015, which incorporates the aforementioned Directive, for the purpose of amending and supplementing Legislative Decree No. 209/2005 (Private Insurance Code);
- Title I - Chapter II ("Measurement of assets and liabilities") of Delegated Regulation No. 2015/35, issued by the European Commission on 10 October 2014;
- "Guidelines" issued by EIOPA (European Insurance and Occupational Pensions Authority);
- IVASS Regulation No. 18 of 15 March 2016 ("Regulation concerning implementation rules for the computation of technical provisions");
- IVASS Regulation No. 34 of 7 February 2017 ("Regulations concerning provisions on corporate governance relating to the measurement of assets and liabilities other than technical provisions and criteria for the measurement thereof").

D.1 Assets

The following table summarizes the Group's assets comparing the values in the consolidated financial statements with the solvency financial statements.

Amounts in Euro

	Solvency II Value	Statutory Accounts Value	Difference
Goodwill	-	22.050.297	- 22.050.297
Deferred acquisition costs	-	95.715.340	- 95.715.340
Intangible assets	-	215.392.188	- 215.392.188
Deferred tax assets	-	10.888.008	- 10.888.008
Property, plant & equipment held for own use	506.154	506.154	-
Investments (other than assets held for index-linked and unit-linked contracts)	9.517.835.031	9.522.175.481	- 4.340.450
Assets held for index-linked and unit-linked contracts	6.660.614.776	6.662.779.411	- 2.164.634
Loans and mortgages	31.592.243	31.592.243	-
Reinsurance recoverables from:	1.120.566.365	1.121.949.307	- 1.382.942
Deposits to cedants	88.802.948	77.339.531	11.463.417
Insurance receivables and receivables from intermediaries	164.881.828	164.881.828	-
Reinsurance receivables	5.192.097	5.192.097	-
Receivables (trade, not insurance)	345.677.316	345.677.316	-
Cash and cash equivalents	77.896.871	77.896.871	-
Any other assets, not shown elsewhere	6.232.215	6.232.215	-
Total assets	**18.019.797.844**	**18.360.268.288**	**- 340.470.444**

The following table summarizes the assets of the Company Eurovita comparing the values in the Italian statutory financial statements with the solvency financial statements.

Amounts in Euro

	Solvency II Value	Statutory Accounts Value	Difference
Goodwill	-	22.050.297	- 22.050.297
Deferred acquisition costs	-	95.715.340	- 95.715.340
Intangible assets	-	84.990.371	- 84.990.371
Deferred tax assets	-	-	-
Property, plant & equipment held for own use	466.029	466.029	-
Investments (other than assets held for index-linked and unit-linked contracts)	9.517.835.031	9.498.410.591	19.424.440
Assets held for index-linked and unit-linked contracts	6.660.614.776	6.662.779.411	- 2.164.634
Loans and mortgages	31.592.243	31.592.243	-
Reinsurance recoverables from:	1.120.566.365	1.121.949.307	- 1.382.942
Deposits to cedants	88.802.948	77.339.531	11.463.417
Insurance receivables and receivables from intermedi	164.881.828	164.881.828	-
Reinsurance receivables	5.192.097	5.192.097	-
Receivables (trade, not insurance)	320.291.695	320.291.695	-
Cash and cash equivalents	60.821.469	60.821.469	-
Any other assets, not shown elsewhere	6.229.421	6.229.421	-
Total assets	**17.977.293.903**	**18.152.709.632**	**- 175.415.729**

As explained above, the Group has calculated the fair market value of assets mainly by adopting the international accounting principles, except for some items where exceptions are set forth and the IAS/IFRS measurement methods are expressly excluded. These exceptions concern goodwill, intangible assets (including acquisition costs to be amortized), provisions ceded to reinsurers, deposits to ceding companies, and investments in associated or affiliated companies (the latter not present in the Group's consolidated financial statements). An explanation is given below of each difference and the portion of closing amount that refers to Eurovita S.p.A., the insurance company.

Goodwill and Intangible Assets

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Goodwill	-	22.050	-22.050
of which Eurovita	-	*22.050*	*-22.050*
Other intangible assets	-	215.392	-215.392
of which Eurovita	-	*84.990*	*-84.990*

Intangible assets and goodwill, measured at fair value, were valued in the Market Consistent Balance Sheet only if they were separable and transferable assets in a market transaction with an another asset with the same characteristics as consideration.

Based on the Delegated Regulation, the Group assessed goodwill and other intangible assets equal to zero. Intangible assets may be recognized in the solvency financial statements at a value other than zero only if it can be proven that such assets can be sold separately, and the existence of a value for identical or similar assets, calculated using market prices listed in active markets, can be proven. Since these assumptions were not satisfied, the Group assessed its intangible assets, represented by acquisition costs to be amortized, deferred commission expense, and other intangible assets, including VIF (value in force - value paid for the acquisition of the life portfolio), as equal to zero.

Deferred acquisition costs

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Deferred acquisition costs	-	95.715	-95.715
of which Eurovita	-	*95.715*	*-95.715*

In the solvency financial statements, any data relating to deferred acquisition costs were recognized according to the measurement principles outlined in the preceding paragraph and therefore canceled. Since the value was zero, the difference compared to the consolidated financial statements amounted to €95.7 million.

Deferred tax assets and liabilities

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Deferred Tax Assets	-	10.888	-10.888
of which Eurovita	-	-	-
Deferred Tax Liabilities	-39.259	-55.958	16.698
of which Eurovita	*-39.171*	*-1.959*	*-37.212*
Net value DTA - DTL	**-39.259**	**-45.070**	**5.810**

Deferred tax assets and liabilities were calculated for the financial statements of Eurovita and the consolidated financial statements of the Eurovita Group in accordance with the accounting standard IAS 12. This standard was also applied to the Market Consistent Balance Sheet, consistent with the Solvency II regulation.

IAS 12 sets out the accounting treatment of income taxes; this consists in defining current and deferred tax effects relating to:

- the future recovery / derecognition of the book value of assets / liabilities recorded in the Company's balance sheet;
- transactions and other events of the current year recorded in the Company's financial statements.

Taking into account the general principles of recognition of items relating to the deferred tax liabilities shown above, the calculation of deferred tax assets and liabilities under Solvency II rules derives from adjustments made to change the measurement method of consolidated and Solvency II financial items. Therefore, an increase in net assets in the balance sheet prepared for Solvency II purposes, compared to net balance sheet assets, leads to the recognition of deferred tax liabilities; on the other hand, a decrease in net assets leads to the recognition of deferred tax assets.

In the Market Consistent Balance Sheet, the net balance of deferred taxes was negative both for the Eurovita Group (€39,259 thousand), and for Eurovita (€39,171 thousand).

Pursuant to Article 13, paragraph 2, sub-paragraph b), of IVASS Regulation No. 33/2016, this Report includes information, in paragraph D.3, on the origin of the recognition of net deferred tax liabilities, on amounts, as well as on the forecast of the period required to reverse any deductible differences. Therefore, reference should be made to such section.

Property, plant and equipment held for own use

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Property, plant & equipment held for own use	506	506	-
of which Eurovita	*466*	*466*	-

This item does not show any differences between the measurement in the financial statements for solvency purposes and for statutory purposes.

Tangible assets, measured in accordance with IAS 16, were recognized at cost including ancillary charges and were presented after depreciation and any accumulated impairment losses. They were systematically depreciated on the basis of rates considered fair in relation to the technical and economic evaluation of the residual possibility of use of the assets. The value of tangible assets recognized in the consolidated financial statements is considered a reasonable fair value approximation and therefore no adjustments were made for solvency purposes.

Investments (other than assets held for index-linked or unit-linked contracts)

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Equities	26.628	26.628	-
of which Eurovita	*26.628*	*26.628*	-
Bonds	8.405.774	8.410.114	-4.340
of which Eurovita	*8.405.774*	*8.386.349*	*19.425*
Collective Investments Undertakings	1.073.838	1.073.838	-
of which Eurovita	*1.073.838*	*1.073.838*	-
Derivatives (+)	11.595	11.595	-
of which Eurovita	*11.595*	*11.595*	-
Deposits other than cash equivalents	-	-	-
of which Eurovita	-	-	-
Investments (other than assets held for index-linked and unit-linked contracts)	**9.517.835**	**9.522.175**	**-4.340**
Derivatives (-)	-790	-790	-
of which Eurovita	*-790*	*-790*	-
Net Investments	**9.517.045**	**9.521.386**	**-4.340**

Financial assets were measured for the purpose of the Market Consistent Balance Sheet, as defined in the hierarchy illustrated in Article 10 of Delegated Regulations No. 2015/35.

The overall difference is exclusively attributable to the measurement of securities classified in the category of "loans and receivables" and therefore measured at amortized cost. These securities were instead measured at fair value in the Market Consistent Balance Sheet.

Financial assets in the consolidated financial statements of Eurovita Holding and in the statutory financial statements of Eurovita are measured according to international accounting standards and in particular:

- *Loans and receivables,* including repurchase agreements, time deposits, unlisted debt securities not available for sale, which the Group intends to hold for the foreseeable future, and existing collateral for any forward contracts concluded. Measurement is carried out at amortized cost, according to the effective interest method, after any write-downs;
- *Financial assets available for sale:* This category includes debt securities, equities, mutual fund units, and equity investments deemed strategic (stake below 20% of the share capital, of strategic importance from a business or corporate standpoint). Securities classified as "AFS" are measured at fair value, represented by the pricing at the relevant date or, in the event of non-listing on an active market, calculated using valuation techniques generally accepted by the financial markets. Unrealized gains and losses are accounted for in a specific shareholders' equity reserve (after taxation). In the event of sale or value impairment following an impairment test, any unrealized gains or losses accumulated up to such time in shareholders' equity are transferred to the income statement;
- *Financial assets measured at fair value through profit or loss:* assets held for trading in the short term and assets designated for fair value measurement through profit or loss, or structured instruments and derivatives and derivative components separated from primary contracts are included in this category. Assets held to cover the Company's commitments for insurance and/or investment contracts, with investment risk borne by policyholders are also included. These assets are measured at fair value, represented by the pricing on the relevant date or, in the event of non-listing on an active market, calculated using valuation techniques generally accepted by the financial markets. Unrealized gains and losses are recorded in the income statement.

When calculating the fair value of financial instruments, three different levels of input are identified:

- **level 1:** inputs represented by (unadjusted) prices listed in active markets for identical assets or liabilities that can be accessed at the measurement date;
- **level 2:** inputs other than listed prices included in Level 1 that are directly or indirectly observable for the assets or liabilities to be measured;
- **level 3:** unobservable inputs for assets or liabilities, for which estimates and assumptions are made by the appraiser.

The choice between the aforementioned methods is not optional, since they must be applied in hierarchical order.

The table below, and the related comments that follow, briefly illustrate the methods, both for the Eurovita Group and the Company, for calculating the fair value for the various macro-categories of financial instruments, loans, and real estate, consistent with the requirements of IFRS 13.

		Mark to Market	**Mark to Model & Other**
Financial instruments	Bonds	Reference market and prices available from info provider (Bloomberg)	Counterparty valuation Internal valuation
	Listed Shares and Equity Investments, ETFs	Price in regulated market of reference	
	Unlisted Shares and Equity Investments		Shareholders' equity and NAV
	Listed derivatives	Price in regulated market of reference	
	OTC derivatives		Internal valuation
	UCIs	Net Asset Value	
Loans and receivables			Internal valuation
Real Property			Appraisal value

For the calculation of the fair value of financial instruments, in the presence of instruments traded in a "liquid and active market", the market price (Mark to Market) is used.

"Liquid and active market" means:

- a regulated market where the instrument being measured is traded and regularly listed;
- a multilateral trading facility (MTF) where the instrument being measured is traded or regularly listed;
- pricings and transactions carried out on a regular basis, that is, transactions with a high frequency and with a low bid / ask spread, by an authorized broker (hereinafter "contributor").

In the absence of pricing on a liquid and active market, measurement methodologies are used that maximize the use of observable parameters and minimize the use of unobservable parameters. These methods can be summarized in Mark to Model valuations, counterparty valuations or valuations at the book value for certain categories of non-financial assets.

Mark to Market valuations: with reference to equities, ETFs, and listed derivatives, Mark to Market valuations correspond to the official valuation price of the reference market.

With reference to bonds, the sources used for Mark to Market valuations of the financial assets are as follows:

- price provided by the main listing stock exchange;
- Bloomberg Generic Pricing (BGN), valuation provided by the financial platform determined on the basis of prices provided by the main market contributors.

With reference to UCIs, the source used is the Net Asset Value.

Mark to Model valuations: where a Mark to Market valuation is not available, the Group uses measurement methods (Mark to Model) in line with the methods generally used by the market.

The aim of any fair value measurement models is to obtain a value for the financial instrument that is close to the assumptions that market participants would use in setting a price, assumptions that also concern the risk inherent in a particular valuation technique and/or inputs used.

Counterparty valuations: for financial assets that do not fall within the scope of the instruments measured using the Mark to Market model and for which consistent and validated fair value measurement models are not available, the valuations provided by potential counterparties requested to liquidate the asset are used.

Equity instruments (listed and unlisted): this item includes shares and units representing a company's share capital, whether traded on a regulated market or not. All the securities are measured at fair value in the Market Consistent Balance Sheet.

Shares or units for which it is impossible to find an observed price on an active market will be measured according to the following hierarchy of criteria:

- using securities considered similar and listed on active markets with appropriate adjustments to reflect the specific characteristics of the security being measured;
- alternative methods based on market inputs and on the valuation techniques as described in the section on Investments;
- the shareholders' equity criterion, as a last resort method, if it is impossible to adopt any of the previous criteria or the necessary input data are not available, as required by paragraph 6, Article 13, Delegated Regulation No. 2015/35.

In the event that no observed prices are available on active markets (mainly in the case of unlisted equity investments), the alternative methods described in paragraph D.4 are used.

Bonds (Government Bonds, Corporate Bonds, Structured Bonds, Guaranteed Securities): this category includes government bonds, corporate bonds, and structured bonds, measured at fair value and calculated as described above.

Bonds for which it is impossible to find an observed price on an active market, are valued, both with regard to the Group and the Company, by mainly using the market or income approach (alternative methods). In the case of the method based on the market approach, prices are mainly used by "composite" market contributors, who collect information generated by market transactions relating to identical or comparable assets.

The income approach is based on the calculation of a fair value on the basis of a risk-free discounting curve to which a spread is added to reflect the issuer's credit risk. This credit spread is based on observable information in the market relating to securities considered similar in terms of credit risk.

The difference between the value of the financial statements and the value in the Market Consistent Balance Sheet of the item in question is attributable to the different measurement of "Loans and receivables".

Undertakings for Collective Investment: mutual funds are defined as entities whose sole purpose is the collective investment in transferable financial instruments or other financial assets. Both for the Group and for the Company, they mainly include equity funds, bond funds, real estate funds, infrastructure funds, and private equity funds. These investments are measured at fair value in the Market Consistent Balance Sheet.

The fair value of investment funds is calculated mainly by using prices observed on active markets.

In particular, as regards the market of open-end funds, the prices used mainly refer to official prices published by Managers and received on a daily basis. These markets generally, by their very nature, ensure the requirements of the active market.

In the event that no prices observable on active markets are available (mainly in the case of closed-end funds), the alternative methods described in paragraph D.4 are used.

Derivative instruments: this item refers to forwards hedging positions (positive for €11,595 thousand, a dramatic recovery in value following the spread volatility of Italian government bonds and negative for €790 thousand) entered into during 2017. During the year 2018, this item did not undergo any significant changes except for the first expiry date of 10 forward contracts, which led to the related changes in the underlying bonds.

Assets held for unit-linked and index-linked contracts

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Assets held for index-linked and unit-linked contracts	6.660.615	6.662.779	-2.165
of which Eurovita	*6.660.615*	*6.662.779*	*-2.165*

This item includes investments to cover Group commitments (and in particular the Company's commitments) for insurance and/or investment contracts, with investment risk borne by policyholders (unit-linked products).

Both in the solvency and in the consolidated financial statements of Eurovita Holding, as well as in the statutory financial statements of Eurovita, the measurement of these assets is at fair value, represented by the pricing at the relevant date or, in the event of non-listing on an active market, calculated by using valuation techniques generally accepted by financial markets.

Mortgages and loans (loans on policies, mortgages and loans granted to individuals, other mortgages and loans)

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Loans and mortgages	31.592	31.592	-
of which Eurovita	*31.592*	*31.592*	-

This item mainly includes loans on policies, loans to employees, loans to individuals, and other loans.

The carrying value in the Market Consistent Balance Sheet is substantially consistent with the carrying value in the Group's consolidated financial statements of the and in the statutory financial statements of Eurovita, which, given the nature and significance of these assets, was deemed to be a reasonable fair value approximation.

Recoverable amounts from reinsurance

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Reinsurance recoverables from Life and health similar to life, excluding health and index-linked and unit-linked	1.120.566	1.121.949	-1.383
of which Eurovita	*1.120.566*	*1.121.949*	*-1.383*

In the Market Consistent Balance Sheet, the recoverable amounts from reinsurance (Recoverables) are, both for the Group and for the Company, calculated by discounting the expected cash flow from the related reinsurance contracts. Such cash flow mainly includes recoveries for claims, redemptions, and maturities and commission income net of premiums paid to the reinsurer. Furthermore, as required by law, this flow considers the probability of default of the counterparty.

In the Group's consolidated financial statements and in the Company's statutory financial statements, any technical provisions ceded to reinsurers are accounted for under IFRS 4. They are calculated and recognized on the basis of the contractual conditions set out in reinsurance treaties, unless otherwise assessed with regard to the recoverability of the loan.

With regard to the Eurovita Group and the Company, significant recoverable amounts mostly concerned quota reinsurance contracts. The calculation method and differences between measurements for solvency purposes and for statutory purposes follow the rules regarding technical provisions described in section D.2 below.

Deposits to cedants

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Deposits to cedants	88.803	77.340	11.463
of which Eurovita	*88.803*	*77.340*	*11.463*

With regard to the Group and the Company, in the Market Consistent Balance Sheet, the amounts relating to deposits with cedants are determined by discounting flows deriving from the active reinsurance treaties relating to the reinsured contracts. These flows are inclusive of future interest income.

In the consolidated and statutory financial statements, they fall under the item “loans and receivables” and are recognized and measured according to Italian standards, in accordance with the provisions of IFRS 4, i.e. at nominal value and subsequently measured at the estimated realizable value.

The differences between the amount of deposits with cedants in the stand-alone financial statements and in the consolidated financial statements and the value stated in the Market Consistent Balance Sheet is attributable to the performance of technical provisions against which they were established. Please refer to what is stated in regard of technical provisions in section D.2 below.

Insurance receivables and receivables from intermediaries

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Insurance receivables and receivables from intermediarie	164.882	164.882	-
of which Eurovita	*164.882*	*164.882*	-

This item includes receivables deriving from direct insurance transactions with policyholders and intermediaries. The value shown in the consolidated financial statements and in the stand-alone financial statements was considered representative of the fair value and was therefore reported in the Market Consistent Balance Sheet. This item also includes reserves for sums to be paid and ceded to the reinsurers.

Reinsurance receivables

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Reinsurance receivables	5.192	5.192	-
of which Eurovita	*5.192*	*5.192*	-

With regard to the Group and the Company, reinsurance receivables are represented by short-term exposures. The nominal value, adjusted to take into account the actual recoverability of such receivables, were also maintained in the Market Consistent Balance Sheet, as they were deemed to be a reasonable fair value approximation.

Receivables (trade, not insurance)

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Receivables (trade, not insurance)	345.677	345.677	-
of which Eurovita	*320.292*	*320.292*	-

With regard to both the Group and the Company, this item contains non-insurance receivables such as tax receivables and receivables from employees. They are recognized at their nominal value which, in the case in question, is considered to represent the relevant fair value.

Cash and cash equivalents

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Cash and cash equivalents	77.897	77.897	-
of which Eurovita	*60.821*	*60.821*	-

This item mainly refers to the balances of bank current accounts. They are maintained at their nominal value both in the Market Consistent Balance Sheet and in the relevant financial statements.

Any other assets, not shown elsewhere

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Any other assets, not shown elsewhere	6.232	6.232	-
of which Eurovita	*6.229*	*6.229*	-

This item includes all the residual assets compared to the previous ones. They are generally measured at their nominal value also in the Market Consistent Balance Sheet because this value, also in consideration of the market interest rates that may be applicable in the event of discounting, was considered representative of the relevant fair value.

D.2 Technical Provisions

The following tables show the values of Solvency II Technical Provisions, of direct and indirect business, (Market Consistent Balance Sheet) and those posted in the financial statements, with evidence of any differences due to the above.

Solvency II technical provisions (at fair value) of the Eurovita Group coincide with those of the Company.

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Best Estimate	9.353.894	9.476.582	-122.688
Risk Margin	107.167	0	107.167
TP - life (excluding health and index-linked and unit-linked)	**9.461.061**	**9.476.582**	**-15.521**

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Best Estimate	6.367.652	6.668.402	-300.750
Risk Margin	3.437	0	3.437
TP - index-linked and unit-linked	**6.371.089**	**6.668.402**	**-297.313**

It should be noted that the statutory value of the financial statements of the company Eurovita alone shows total Technical Provisions of €9,461 thousand, with a difference with respect to the statutory value of the consolidated financial statements. The difference of €15.5 million is due to the different shadow accounting value between statutory financial statements and consolidated financial statements, due to the adoption of IFRS 3 on the purchase price allocation of the former Ergo Italia Group.

The table below shows the values of Solvency II Technical Provisions, for direct and indirect business, divided by line of business:

Amounts in Euro thousand

Activity Area	Best Estimate Liabilities	Risk Margin	Technical Provisions
Insurance with profit participation	9.348.370	103.436	9.451.806
Unit-linked and index-linked insurance	6.367.652	3.437	6.371.089
Other life insurance	5.524	3.731	9.255
Total	**15.721.546**	**110.604**	**15.832.150**

The table below shows the amounts recoverable from reinsurers after the counterparty default adjustment:

Amounts in Euro thousand

	Solvency II Value
Insurance with profit participation	1.122.859
Other life insurance	-1.858
Total	**1.121.002**

Technical provisions were calculated on the basis of the principles and methods established by Solvency II rules and are proportional to the nature, scale, and complexity of the risks underlying the commitments undertaken.

Technical Provisions consist of the sum of two components: Best Estimate Liability (BEL) and Risk Margin.

Best Estimate Liabilities

Under Solvency II rules, any liabilities relating to the policy portfolio in place consist in the average future cash flow weighted with the expectation of their occurrence, taking into account the time value of money (expected fair value of future cash flows) on the basis of the relevant structure by maturity of risk-free interest rates. These liabilities are referred to as “Best Estimate Liabilities”.

The calculation of a Best Estimate Liability is based on updated and credible information and on realistic assumptions. It is implemented by using appropriate, applicable, and relevant actuarial and statistical methods. The software used is called “MG_Alfa”, marketed by the company Milliman, which enables the integrated management of the Company’s assets and liabilities both on the assumption of deterministic and of stochastic economic scenarios.

Projections concern all cash flow income and costs necessary for the valuation of the Company’s commitments with reference to the management of contracts for their entire duration and within contractually established limits.

The Company’s cash flow income is essentially represented by premiums and recoveries resulting from reinsurance, if any, while the cost flows are related to benefits to be provided to policyholders under contractual obligations, administrative expenses represented by commissions paid to the sales network, and costs attributable to the contract management.

For the purpose of the projection, assumptions were made regarding mortality, disability, and the policyholders’ behavior, as well as assumptions on the costs to be incurred for the future management of contracts subject to measurement (second-order assumptions). These assumptions derive from studies supported by statistical evidence on the policyholders’ past behavior and by the examination of costs incurred for portfolio administration, as well as by the remuneration commitments entered into with the sales network.

The contracting parties’ behavior affects the frequency of contract early termination and persistence in the payment of recurring premiums. No dynamic estimates of such behaviors were used, but an expected frequency depending on the contract age.

For an adequate formulation of the assumptions and calculation of the Best Estimate, the Company adopted two aggregation levels for bonds:

- a first level consisting in the portfolio of model policies, an aggregation aimed at reducing the number of amounts to be processed in the calculation while maintaining the information content as unchanged as possible in terms of risk and time profile of cash flows;
- a second level of segmentation consists in adopting a small but adequate number of homogeneous risk groups, aimed at studying the main diversification risk factors, if significant, such as mortality, longevity, voluntary abandonment, reduction, provision by the Company of a financial guarantee, and level of the guarantee provided.

These aggregation levels do not imply substantial differences with regard to the nature and complexity of the risks underlying the policies belonging to the same group, and the grouping of policies is such that it will not distort the risk underlying the policies or misrepresent expenses.

For policies in the Company's portfolio, the contractual scope, in terms of duration of the projection, is represented by the contractual expiry of the insurance contracts, if any.

The calculation takes place through the use of a deterministic integrated ALM (Asset Liability Management) approach for the assessment of BEL and through the use of a stochastic approach for the valuation of TVOG (Time Value of Options and Guarantees), i.e. the financial options and guarantees set forth in contracts for the benefit of policyholders.

It should be noted that contracts whose assets are measured at market value, exclusively unit-linked contracts, were projected from a deterministic viewpoint assuming a return on assets consistent with the risk-free rate curve provided by EIOPA.

The cash flow projection relating to segregated accounts is affected by management decisions relating to strategic asset allocation. In particular, the investment and divestment strategies adopted in the projection model permit an asset allocation evolution consistent with investment guidelines.

In the calculation of BEL, with regard to amounts recoverable from reinsurers, the Company calculated the expected fair value of cash flow deriving from reinsurance treaties relating to reinsured contracts. "Reinsurance Recoverables" mainly include recoveries for settlements and commission income after premiums paid to the reinsurer.

When calculating BEL to be borne by reinsurers for the assessment of counterparty default risk (counterparty default adjustment), the corresponding cash flow was adjusted to take account of the exposure to each counterparty on the basis of the respective Credit Quality Step.

Risk Margin

Risk Margin represents the value to be added to BEL to give rise to Technical Provisions, which represent the value that the Companies should have to honor all insurance commitments, or the total amount to be paid to another Company to transfer all the contractual obligations related to the policy portfolio to the same.

When calculating Technical Provisions, the Risk Margin constitutes a prudential factor in the face of non-hedgeable risks, such as underwriting risk, counterparty risk, and operational risk; it represents a measure of the level of uncertainty inherent in the cash flow considered in the calculation of BEL which could in the future turn out to be different from the projection assumptions.

An important contribution to the level of uncertainty in the calculation of BEL is given by the assumptions made regarding the policyholders' mortality, expenditure, and behavior, such as claiming redemption or interrupting premium payments.

The Risk Margin was calculated as a cost for the Company, in terms of lower income, due to the capitalization of Own Funds for the duration of the insurance contracts for the risks mentioned above.

Qualitative and quantitative information regarding solvency measurements and book values

The use of the method described above leads to an amount of technical provisions (BEL) calculated for solvency purposes which differs from the value reported in the financial statements, as well as in the consolidated financial statements of the Eurovita Group.

In particular, while balance sheet provisions consider the flow of "pure" premiums in addition to the sole premium charge for management expenses, for the calculation of solvency reserves (BEL), the projected premiums are the full premiums paid by contractors, thus containing all premium charges paid by the same. At the same time, cost items are considered for the Company, such as commissions paid to the sales network that are not included in the measurement of balance sheet provisions and future administration expenses.

With regard to the benefits paid by the Company, balance sheet provisions include those considered for premium calculation with the same probability of occurrence (first-order assumption) when setting the full premium. In addition, BEL also measures other contractually provided options for which the contractors may exercise rights, such as redemption or voluntary interruption in the payment of premiums, by using second-order assumptions for all events including mortality.

The use of "management actions", reflecting the usual management approach in the choice of the assets composition hedging provisions and defining the investment strategies aimed at obtaining a target return of segregated funds, has not been adopted in calculating provisions for the purpose of the financial statements.

Furthermore, when calculating BEL of with-profit contracts for contractors, in order to assess the risk borne by the Company in relation to the financial guarantees provided, a "Monte Carlo" stochastic model based on calibrated scenarios was used in order to grasp the expected volatility of the main financial figures.

Balance sheet provisions consider certain additional provisions to cover the integration demand emerging from the comparison between first-order bases used and the observed and expected value of figures represented by the same. The main additional provisions are provisions for financial risk, demographic risk, and expenses.

Lastly, Risk Margin is a component not covered in balance sheet provisions.

The table below summarizes the differences between technical liabilities measured under Solvency II rules and valuations made for the purposes of the consolidated financial statements, prepared according to IAS / IFRS accounting principles.

Amounts in Euro thousand

Activity Area	Best Estimate Liabilities	Balance Sheet reserves (*)	Difference
Insurance other than unit-linked and index-linked insurance	9.353.894	9.476.582	-122.688
Unit-linked and index-linked insurance	6.367.652	6.668.402	-300.750
Total	**15.721.546**	**16.144.984**	**-423.438**

(*) excluding provisions for amounts to be paid

As can be inferred from the above table, Solvency II provisions are lower than Balance Sheet Provisions, especially as they include future expected gains on the existing portfolio.

It should also be noted that balance sheet provisions include a negative VIF (value in force), arising from the acquisition of the portfolio of the former company Eurovita Assicurazioni S.p.A. of €171.9 million in accordance with IFRS3 rules on business combinations. VIF is amortized on the basis of the effective forfeiture of the portfolio.

In particular, as shown in the table below, the use of premium charge flows in future premiums and revenue sources resulting from assets under management of the corresponding expense items represented by the sales network return flows and administration expenses, as well as the use of second-order assumptions, generates a lower demand in the valuation performed for solvency purposes; the financial effect instead has an opposite impact.

Amounts in Euro thousand

Factor	Impact in absolute terms	Impact in % of Balance Sheet Reserves
Premium charge and expense component	-91.686	-0,57%
Use of second-order assumptions	-336.422	-2,08%
Financial effect	234.545	1,45%
Other and combined factors	-42.394	-0,26%
Total Impacts	**-235.957**	**-1,46%**
Value in force "VIF"	-187.481	-1,16%
Total Impacts	**-423.438**	**-2,62%**

<u>Uncertainty associated with the value of technical provisions</u>

This uncertainty is due to the fact that the cash flow considered in the calculation of BEL could in the future turn out to be different than the projection assumptions.

An important contribution to the level of uncertainty in the calculation of BEL is given by the assumptions made regarding the policyholders' mortality, expenditure, and behavior, such as claiming redemption or interrupting premium payments.

To quantify the uncertainty with reference to such variables, BEL was recalculated using "stressed" assumptions. Certain variables generating greater uncertainty in the assessment of BEL were found on the basis of the tests conducted.

The factors that cause greater variability and uncertainty in BEL are attributable not only to the financial table, but also to the redemption and expense assumptions; however, the impacts on the value of BEL and Own Funds are not significant.

<u>Information on the effects of applying a fair value adjustment</u>

The Group does not apply the fair value adjustment referred to in Article 77-*ter* of Directive No. 2009/138/EC.

<u>Information on the effects of applying a volatility adjustment</u>

Future cash flows were discounted using the risk-free curve rates provided by EIOPA.

For the purposes of discounting flows deriving from model point projections in relation to contracts not belonging to unit-linked premium forms, a volatility adjustment was applied (hereinafter also "VA" or "Volatility Adjustment") pursuant to Article 36-*septies* of the Insurance Code.

The extent of curve adjustment aims to align the measurement criteria of assets and liabilities by eliminating the distortion effects (artificial volatility) of financial markets.

The effects of this adjustment on the amount of Technical Provisions, Own Funds, SCR, MCR, Own Funds eligible for SCR coverage, Own Funds eligible for MCR coverage, SCR coverage ratio and MCR coverage ratio are shown below. Amounts are in Euro thousand.

Amounts in Euro thousand

Factor	With adjustment for volatility	Without adjustment for volatility
Technical Provisions	15.832.150	15.945.810
Basic own funds	486.257	408.223
Solvency Capital Requirement (SCR)	403.472	431.003
Minimum Capital Requirement (MCR)	180.409	192.730
Own funds eligible for SCR coverage	486.257	408.223
Own funds eligible for MCR coverage	437.060	339.755
SCR coverage ratio	**120,52%**	**94,71%**
MCR coverage ratio	**242,26%**	**176,29%**

The same information regarding the values of the company Eurovita stand alone is shown below:

Amounts in Euro thousand

Factor	With adjustment for volatility	Without adjustment for volatility
Technical Provisions	15.832.150	15.945.810
Basic own funds	458.844	380.810
Solvency Capital Requirement (SCR)	403.126	430.657
Minimum Capital Requirement (MCR)	181.407	193.796
Own funds eligible for SCR coverage	458.844	380.810
Own funds eligible for MCR coverage	446.183	370.627
SCR coverage ratio	**113,82%**	**88,43%**
MCR coverage ratio	**245,96%**	**191,25%**

In light of the results and of the provisions of paragraph 7) of the aforementioned Article 30-*bis* of the Code, the Company has identified a number of measures (implemented during the first quarter with regard to assessments at 31 March 2019) aimed at restoring the level of Own Funds and reducing the risk profile so as to satisfy the Solvency Capital Requirement (also SCR), including without a volatility adjustment. In particular:

- the Company has fulfilled the duration mismatch generated between assets and liabilities after methodological changes in the definition of redemption assumptions through the extension of the duration of assets (in line with that of liabilities). The measure adopted involves a different risk profile in terms of exposure to interest rate risk (reduction and change of direction, with a resulting greater diversification). The measure was adopted in the first quarter of 2019 and entails a reduction in the final SCR in an estimated range of approximately €30-40 million.
- in order to restore the level of Own Funds and with the aim of aligning the Solvency Ratio within the Group entities, on 27 March 2019, Eurovita Holding made a capital payment of €27.4 million to Eurovita S.p.A.

The Company is also preparing a repayment plan within the solvency limits set in the RAF, which will provide for the issue of subordinated liabilities aimed at restoring available own funds.

Information on the effects applying a transitional risk-free interest rate structure by maturity

The Group does not apply a transitional risk-free interest rate structure by maturity, as referred to in Article 308-*quater* of Directive No. 2009/138/EC.

Information on the effects of applying a transitional deduction

The Group does not apply a transitional deduction, as referred to in Article 308-*quinquies* of Directive No. 2009/138/EC.

Simplifications in the calculation of provisions

The Group does not use simplifications for the calculation of technical provisions.

D.3 Other Liabilities

A summary table of the Group's liabilities is shown below, with a comparison between the values of the consolidated financial statements and of the solvency financial statements.

Amounts in Euro

	Solvency II Value	Statutory Accounts Value	Difference
TP - life (excluding index-linked and unit-linked)	-9.461.060.926	-9.476.582.005	15.521.079
TP - index-linked and unit-linked	-6.371.088.690	-6.668.401.540	297.312.850
Provisions other than technical provisions	-17.099.765	-17.099.765	0
Pension benefit obligations	-919.762	-919.762	0
Deposits from reinsurers	-1.136.894.850	-1.109.953.373	-26.941.477
Deferred tax liabilities	-39.259.381	-55.957.811	16.698.430
Derivatives	-789.711	-789.711	0
Debts owed to credit institutions	-10.731.000	-10.731.000	0
Insurance payables and payables to intermediaries	-296.638.769	-296.638.769	0
Reinsurance payables	-64.735.497	-64.735.497	0
Payables (trade, not insurance)	-131.824.535	-131.824.535	0
Subordinated liabilities	-165.474.185	-160.895.169	-4.579.016
Any other liabilities, not shown elsewhere	-2.498.217	-9.864.155	7.365.938
Total liabilities	**-17.699.015.287**	**-18.004.393.091**	**305.377.804**
Excess of assets over liabilities	**320.782.557**	**355.875.196**	**-35.092.640**

The table below summarizes the liabilities of the company Eurovita alone, with a comparison between the values of the Italian statutory financial statements and of the solvency financial statements.

Amounts in Euro

	Solvency II Value	Statutory Accounts Value	Difference
TP - life (excluding index-linked and unit-linked)	-9.461.060.926	-9.460.985.755	-75.171
TP - index-linked and unit-linked	-6.371.088.690	-6.668.401.540	297.312.850
Provisions other than technical provisions	-22.122.215	-22.122.215	0
Pension benefit obligations	-919.762	-919.762	0
Deposits from reinsurers	-1.136.894.850	-1.109.953.373	-26.941.477
Deferred tax liabilities	-39.170.665	-1.958.947	-37.211.718
Derivatives	-789.711	-789.711	0
Debts owed to credit institutions	-10.731.000	-10.731.000	0
Insurance payables and payables to intermediaries	-296.638.769	-296.638.769	0
Reinsurance payables	-64.735.497	-64.735.497	0
Payables (trade, not insurance)	-111.799.601	-111.799.601	0
Subordinated liabilities	-48.942.152	-45.384.309	-3.557.843
Any other liabilities, not shown elsewhere	-2.498.217	-9.864.155	7.365.938
Total liabilities	**-17.567.392.055**	**-17.804.284.633**	**236.892.578**
Excess of assets over liabilities	**409.901.848**	**348.424.999**	**61.476.849**

As explained above, the Group calculated the fair value of liabilities mainly by adopting international accounting standards, except for some items where exceptions were made and the IAS / IFRS measurement methods are expressly excluded. The exceptions mainly concerned deferred taxation, technical provisions, financial liabilities (in particular subordinated liabilities), deposits received from reinsurers, and deferred acquisition costs.

Technical provisions are described in chapter D.2 above.

Deferred tax liabilities

The recording and recognition of net deferred tax liabilities in the Market Consistent Balance Sheet amounted to €39,259 thousand.

The table below details the origin of net deferred tax liabilities by relevant class and the timing required for the reversal of the same, relating to the Group:

Amounts in Euro thousand

Details	Amount of temporary differences	Tax effect	Rate
Taxed allowances and provisions for risks	18.988	4.557	24,00%
Deferred acquisition costs	-44.457	-13.702	30,82%
Investments	-345.548	-106.498	30,82%
Math. Reserves and Shadow accounting	260.376	80.248	30,82%
VIF	-40.519	-12.488	30,82%
Other items	9.126	2.813	30,82%
"Statutory" deferred tax liabilities	**-142.034**	**-45.070**	
Investments	4.340	1.338	30,82%
Technical Provisions (net of reins.)	-182.893	-56.368	30,82%
Deposits ceded to cedants	15.478	4.770	30,82%
Intangible assets and DAC	180.706	55.694	30,82%
Other items	1.222	377	30,82%
"Solvency" deferred tax liabilities	**18.853**	**5.811**	
Total net deferred liabilities	**-123.181**	**-39.259**	

The same information is reported below for the company Eurovita:

Amounts in Euro thousand

Details	Amount of temporary differences	Tax effect	Rate
Taxed allowances and provisions for risks	18.988	4.557	24,00%
Deferred acquisition costs	-44.457	-13.702	30,82%
Investments	-321.783	-99.174	30,82%
Math. Reserves and Shadow accounting	244.780	75.441	30,82%
VIF	89.422	27.560	30,82%
Other items	10.896	3.358	30,82%
"Statutory" deferred tax liabilities	**-2.154**	**-1.959**	
Investments	-19.424	-5.986	30,82%
Technical Provisions (net of reins.)	-297.238	-91.609	30,82%
Deposits ceded to cedants	15.478	4.770	30,82%
Intangible assets and DAC	180.706	55.694	30,82%
Other items	-261	-80	30,82%
"Solvency" deferred tax liabilities	**-120.739**	**-37.212**	
Total net deferred liabilities	**-122.894**	**-39.171**	

It should be noted that all deferred tax liabilities were posted to the financial statements.

Most temporary differences will be reversed after one year, being the latter mainly linked to investments and technical provisions, such deferred taxes will be respectively reversed depending on the disposal of financial instruments and liquidation of policies in the portfolio. In this regard, it should be noted that the average duration of the asset portfolio is approximately 5.9 years and that of the liability portfolio is approximately 6.75 years. The duration delta, as mentioned above, is essentially attributable to changes in the redemption assumptions used for the calculation of BEL, which led to a change in the Company's risk profile, as a result of which a temporary increase in interest rate risk was detected.

Provisions other than technical provisions

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Provisions other than technical provisions	17.100	17.100	-
of which Eurovita	*22.122*	*22.122*	-

This item includes provisions for risks and charges that represent liabilities of a determined, certain, or probable nature, with undetermined date of occurrence or amount. The fair value posted to the annual financial statements and to the consolidated financial statements, respectively, was maintained in the Market Consistent Balance Sheet.

It should be noted that this item includes provisions recorded in accordance with IAS 37, i.e. if there is a current (legal or implicit) obligation as a result of a past event, the use of resources to fulfill the obligation is probable and necessary, and a reliable estimate of the amount of the obligation can be made. For the purposes of calculating potential liabilities, Article 11 of the Delegated Regulation, refers to the international accounting standards and therefore to IAS 37, paragraph 10.

The value of these provisions is different by €5.1 million compared to the "Stand-Alone" financial statements of the company Eurovita (i.e. €22.122 thousand) due to the intercompany offsetting of the retirement funds with Agenzia Eurovita.

Pension benefit obligations

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Pension benefit obligations	920	920	-
of which Eurovita	*920*	*920*	-

This item includes the amount of allowances set aside for payables to employed personnel in compliance with applicable regulations and contractual provisions.

The funds to cover pension schemes include provisions set aside for employees (based on the cases set out in the pension system in force) and are Defined Benefit Obligations.

Defined benefit obligations may be set apart from defined contribution obligations due to the fact that, unlike the latter, not all actuarial and investment risks are borne by the person entitled to the same.

Defined benefit obligations refer to pension schemes (including employees' severance indemnities) and health care assistance that the Group provides to its employees after termination of employment. The benefits due are based on the remuneration received by employees during a predetermined service period, as well as on the working life of the employees themselves. These benefits are measured using actuarial methods; any gains and losses deriving from this measurement are recorded in the statement of comprehensive income for the vesting period, using the projected unit credit method.

Any employees' severance indemnities accrued up to 31/12/2006 (or up to the date chosen by the employee between 01/01/2007 and 30/06/2007 in the event of allocation of their severance indemnities to a Supplemental Pension Scheme) continues to be a "defined benefits" plan and therefore subject to actuarial valuation, albeit with a simplification in the actuarial assumptions that will no longer take into account the forecast of future salary increases.

Any quotas accrued from 1/07/2007 (or up to the date chosen by the employee between 01/01/2007 and 30/06/2007 in the event of allocation of their severance indemnities to a Supplemental Pension Scheme) were considered as a "defined contribution" plan (as the company's obligation ceases when the it pays any accrued severance indemnities into the scheme chosen by the employee) and therefore the related cost for the period is equal to the amounts paid into the Supplemental Pension Scheme or into the I.N.P.S. Treasury Fund.

These obligations for the purposes of the Group's consolidated financial statements and the Company's financial statements were calculated by using international accounting standard IAS 19, considered suitable also to representing their value for the purpose of the Market Consistent Balance Sheet.

Deposits from reinsurers

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Deposits from reinsurers	1.136.895	1.109.953	26.941
of which Eurovita	*1.136.895*	*1.109.953*	*26.941*

In the Market Consistent Balance Sheet, any amounts relating to deposits received from reinsurers are calculated by discounting the flows deriving from reinsurance treaties relating to reinsured contracts. These flows include the estimate of future interest expense. In the consolidated and statutory financial statements, on the other hand, deposits received from reinsurers are recognized at nominal value.

Any differences between the amount of deposits received from reinsurers in the Group's consolidated financial statements and in the Company's financial statements and the value in the Market Consistent Balance Sheet are attributable to the trend in provisions ceded to reinsurers, against which the related deposits were established. Therefore, reference should be made to Section D.1 above regarding recoverable reinsurance amounts.

Insurance payables and payables to intermediaries

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Insurance payables and payables to intermediaries	296.639	296.639	-
of which Eurovita	*296.639*	*296.639*	-

This item includes payables deriving from insurance transactions against policyholders and intermediaries, including reserves for sums to be paid. These payables, which by their very nature are adjustable in the short term, are measured at their nominal value, including in the Market Consistent Balance Sheet, because this amount is considered representative of the relevant fair value.

Reinsurance payables

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Reinsurance payables	64.735	64.735	-
of which Eurovita	*64.735*	*64.735*	-

This item includes payables deriving from reinsurance transactions and, considering their short-term nature, they were measured at their nominal value both in the respective financial statements and in the Market Consistent Balance Sheet.

Payables (trade, not insurance)

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Payables (trade, not insurance)	131.825	131.825	-
of which Eurovita	*111.800*	*111.800*	-

This item includes non-insurance debts, such as payables for social security contributions and tax payables. Considering their typically short-term nature and duration, these payables were recognized at their nominal value both in the respective financial statements and in the Market Consistent Balance Sheet.

Subordinated liabilities

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Subordinated liabilities	165.474	160.895	4.579
of which Eurovita	*48.942*	*45.384*	*3.558*

With regard to the Eurovita Group, this item includes a subordinated loan issued by the Holding Company, formerly Phlavia Investimenti (now Eurovita Holding) in March 2017 and subscribed by the holding company Flavia Holdco Limited.

The following table shows details of the subordinated loans of the company Eurovita issued in the form of bonds with the related maturities and financial conditions:

Amounts in Euro thousand	Nominal	Subscription	Maturity	Rate	Value at 31/12/2018
Bond loan issued by Eurovita S.p.A.	5.000	01/10/2015	01/10/2025	4,75%	5.218
Bond loan issued by Eurovita S.p.A.	40.000	22/12/2015	22/12/2025	6,00%	43.724
Total Subordinated Liabilities	**45.000**				**48.942**

Subordinated liabilities in the consolidated financial statements and in the statutory financial statements are measured at amortized cost. In the Market Consistent Balance Sheet, financial liabilities are measured in accordance with IAS 39, consistent with the provisions of Article 14 of the Delegated Regulations. As required by such clause, the Group measured these liabilities by discounting the expected contractual flows at a rate that takes no account of changes in the Company's creditworthiness. Creditworthiness was assessed as the spread applied to the issuer at the date when the loan was taken out.

Any other liabilities, not shown elsewhere

Amounts in Euro thousand

Account	Solvency II Value	Statutory Accounts Value	Difference
Any other liabilities, not shown elsewhere	2.498	9.864	-7.366
of which Eurovita	*2.498*	*9.864*	*-7.366*

This item includes all residual liabilities with respect to the previous ones and in particular accrued liabilities and deferred income. They are measured at their nominal value, including in the Market Consistent Balance Sheet, because this amount is considered representative of the relevant fair value.

Any differences between the Market Consistent Balance Sheet and the consolidated and stand-alone financial statements derive from the reversal of deferred commission income linked to insurance and reinsurance contracts not within the scope of IFRS 4, as required by IAS 18. This component, as well as deferred commission expense, is reversed in the Solvency II financial statements.

D.4 Alternative Measurement Methods

Financial assets and liabilities are measured at fair value as per the hierarchy illustrated in Article 10 of (EU) Implementing Regulation No. 2015/2450. If the criteria set out in paragraphs 1 to 4 are not met, the Company uses alternative measurement methods in line with the methods generally used by the market.

In particular, for unlisted bonds that are structured or scarcely liquid, pricing is based on methods in line with market best practices that use indicators relating to the interest rate curve, credit spread, and liquidity spread.

For unlisted equity investments, by which the Company has commercial and partnership relationships, the historical cost is compared with a price calculated on the basis of an internal Dividend Discounted Model (DDM) adjusted by Excess Capital and compared with the price at which shares were traded on the Hi-MTF market (Multi-Lateral Trading Facility) in the final part of the year. The equity investments for which an alternative measurement approach was adopted at 31 December are shown in the following table:

ISIN	Equity investment	Total Solvency II amount
IT0001073359	B.A.P.R.	2.487.215
IT0001069860	B.P.P.B.	3.294.252
IT0001007209	BANCA POPOLARE DI SPOLETO	110.166
IT000220464	BCP TORRE DEL GRECO	1.830.117
IT0005118648	CAPITAL SHUTTLE	1.322.666
IT0005058547	CASSA DI RISPARMIO DI BOLZANO	10.584.000
Total		**19.628.417**

For fund-based assets with a NAV valuation frequency greater than one month, an alternative measurement approach was required as there are no market prices available because these are predominantly illiquid funds without a market, whereby, when necessary, the latest valuations available were adjusted by the Company to take account of intervening operations following calls for shares of the underwritten commitments, provisional and/or final repayments, and dividend distributions, and results achieved.

The assets for which an alternative measurement approach was adopted at 31 December are shown in the following table:

ISIN	Equity investment	Total Solvency II amount
IT0005120156	ANTARES AZ I FUND	6.394.077
IT0004978158	ANTHILIA BIT	8.096.460
DE000A0JKGR9	APEP DACHFONDS - EUROPEAN BUY OUT-FUNDS "A"	1.266.148
DE000A0JKGS7	APEP DACHFONDS - EUROPEAN BUY OUT-FUNDS "B"	1.016.412
LU1316565487	ARCHMORE INFRASTRUCTURE DEBT PLATFORM	15.253.650
IT0004749823	CONERO FONDO IMMOBILIARE	10.439.467
LU1360519463	EQUITA DEBT FUND	10.189.702
LU1801776631	EUROPEAN MIDDLE MARKET PRIVATE DEBT	12.684.784
IE00BFYYJV63	EUROPRIMA FUND CLASS A	39.304.188
IT0003791222	FIP - FONDO IMMOBILI PUBBLICI	34.533.650
IT0004656051	FONDO SISTAN	4.310.000
IT0005075541	FONDO TAGES HELIOS "A"	8.468.056
	FOR PRIVATE DEBT (FOF)	2.140.194
IT0005136772	GREEN ARROW PRIVATE DEBT FUND	4.836.435
	GREENOAK EUROPE SECURED LENDING SLP	4.545.782
LU1481839451	MUZINICH ITALIAN FUND CLASS A	5.718.505
LU1629762227	MUZINICH PAN EUROPEAN PRIVATE BEDT I	2.896.437
	PEMBERTON EUROPEAN MID MARKET	12.718.013
LU1509903784	PRIDE FCP SIF 2016-3	4.915.773
LU1588417979	RADIANT CLEAN ENERGY FUND "D"	5.899.688
LU0804457256	RE ENERGY CAPITAL	2.451.272
	RIVER ROCK EOF FUND II	1.471.786
IT0005163214	RIVER ROCK ITALIAN CAR FUND	3.933.405
IE00BX8ZVZ95	TENAX CREDIT ITALIAN FUND "C"	15.039.841
LU1163952150	TIKEHAU INVESTMENT S.C.S.	15.372.786
FR0013323417	TIKEHAU SENIOR LOAN III - O	8.677.345
LU1363012334	TYNDARIS EUROPEAN REAL ESTATE	8.303.671
Total		**250.877.526**

D.5 Other Information

There is no other important information regarding asset measurement, technical provisions, and other liabilities to be reported, as shown in the Economic Balance sheet.

E. CAPITAL MANAGEMENT

E.1 Own Funds

Capital management regards all the policies and choices necessary to define the size of capital and the optimal combination of Own Funds, ensuring that a company's capital and solvency ratios are consistent with the risk profile assumed, with shareholders' expectations in regard of returns, with compliance with supervisory requirements so as to prevent and forestall any critical situations.

The Group has drawn up procedures and methods for the proper measurement and classification of Own Funds, both for the current and forward-looking purposes. Current and forward-looking measurements identify any components of Own Funds that are not eligible to cover regulatory capital.

The Group quantifies the components that make up its Own Funds and verifies the procedures whereby basic Own Funds operate under stress conditions, also taking into account loss absorption.

Capital management objectives, policies, and processes

The guiding principles for the Group's capital management activities have been defined in a specific policy aiming to establish standards of efficiency in capital management, in accordance with regulatory requirements and in line with the Group's risk appetite and stated strategy.

Management and control activities of Own Funds consist in:

- classifying and regularly examining Own Funds to ensure that they meet the applicable requirements of the capital rules, both at the time of issuance and subsequently;
- ensuring that, with reference to the Group's Own Funds and strategic plan, they are not burdened by agreements that could compromise their effectiveness, all required or permitted transactions with regard to Own Funds are promptly completed, contractual conditions are clear and unambiguous and include cases in which the distribution of Own Funds should be postponed or canceled;
- ensuring that any policies or statements relating to dividends are taken into account when examining the Group's capital position.

The Company's capital management policy, as approved by the Board of Directors on 25 January 2019 in its latest version, is reviewed at least on an annual basis to incorporate developments in the relevant legislation, best practices or market practices, and in the Group's strategy and organization. The time span for the validity of the aforesaid policy has been defined as encompassing the period 2018-2021.

The Group's Own Funds management process involves the coordination of different business departments in order to prepare detailed analyses of its capital level and potential violations, propose complete and appropriate disclosures on remedial actions in accordance with the provisions of the above policy, and address information concerning the operation to the competent body.

The Risk Management Department, Compliance Department, Actuarial Department, and Internal Audit Department carry out second- and third-level controls over the process and transactions, in accordance with specific areas of expertise and in line with the provisions of relevant regulations and guidelines concerning the internal control and risk management system approved by the Board of Directors. To this end, Key Departments are regularly kept informed as to the performance of Capital Transactions in accordance with policy requirements.

The Audit, Internal Control, and Risk Management Committee, in line with policy requirements, internal procedures, and supervisory regulations, provides a non-binding opinion to the Board of Directors on capital transactions and regularly monitors such transactions. In particular, it expresses a non-binding opinion on the Group's interest in completing any such transactions, and on the cost-effectiveness and substantial correctness of the relevant conditions.

The Board of Statutory Auditors expresses its opinion on capital transactions by verifying the compliance of any procedures adopted with the regulatory principles and their observance, and is required to report on such issues to the General Meeting of Shareholders.

As part of the strategic and organizational tasks falling under its responsibility, each Group Company's Board of Directors approves the capital transactions brought to its attention by the Committee, with the exception of those attributed to the General Meeting of Shareholders.

Own Funds of the Eurovita Group

At 31 December 2018, the Company calculated its Own Funds to cover the Solvency Capital Requirement by preparing a tier-based classification according to the rules laid down in Article 93 et seq. of Directive No. 2009/138/EC.

The eligibility limits used are those established by Article 82 of (EU) Delegated Regulation No. 2015/35, which sets forth the following criteria to meet the Solvency Capital Requirement:

- the Tier-1 proportion must be at least 50% of the Solvency Capital Requirement;
- the amounts of items belonging to Tier 3 must be less than 15% of the Solvency Capital Requirement;
- the sum of Tier-2 and Tier-3 components should not exceed 50% of the Solvency Capital Requirement.

Following the measurements made for solvency purposes, the structure and amount of basic Own Funds to cover the Solvency Capital Requirement calculated at 31 December 2018 is shown in the chart below.

The quality of and changes in Own Funds are broken down by tier in the table below:

	01.01.2018	Increase	Decrease	Valuations	31.12.2018
Ordinary share capital (gross of own shares)	**1.000.000**			-	**1.000.000**
of which TIER1 - illimited	*1.000.000*				*1.000.000*
Share premium account related to ordinary share capital	**250.493.636**		**-82.493.495**	**-**	**168.000.141**
of which TIER1 - illimited	*250.493.636*		*-82.493.495*		*168.000.141*
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**-**	-		-	
Subordinated mutual member accounts	**-**		-	-	-
Surplus funds	**-**				
Preference shares	**-**		-	-	-
Share premium account related to preference shares	**-**		-	-	-
Reconciliation reserve	**168.492.250**	**12.907.524**	**-17.506.505**	**-12.110.854**	**151.782.415**
of which TIER1 - illimited	*168.492.250*	*12.907.524*	*-17.506.505*	*-12.110.854*	*151.782.415*
Subordinated liabilities	**161.657.687**	**-**	**-**	**3.816.498**	**165.474.185**
of which TIER1 - illimited	*115.510.860*			*1.021.173*	*116.532.033*
of which TIER2	*46.146.827*			*2.795.325*	*48.942.152*
An amount equal to the value of net deferred tax assets	**-**				-
Other items approved by supervisory authority as basic own funds not specified above	**-**	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	-				
Deductions	-				
Deductions for participations in financial and credit institutions	-	-	-	-	-
Total basic own funds after deductions	**581.643.573**	**12.907.524**	**-100.000.000**	**-8.294.356**	**486.256.741**
of which TIER1 - illimited	*419.985.886*	*12.907.524*	*-100.000.000*	*-12.110.854*	*320.782.556*
of which TIER1 - limited	*115.510.860*	-	-	*1.021.173*	*116.532.033*
of which TIER2	*46.146.827*	-	-	*2.795.325*	*48.942.152*

The Group's Own Funds meet the conditions of free transferability and usability referred to in para. 1, Article 330, (EU) Delegated Regulation No. 2015/35.

Basic Own Funds classified as "Tier 1" substantially possess the characteristics referred to in Article 93, paragraph 1), sub-paragraphs a) and b), Directive No. 2009/138/EC, taking into account the aspects referred to in Article 93, paragraph 2), of such Directive, and have all the characteristics referred to in Article 71 of (EU) Delegated Regulation No. 2015/35.

Basic Own Funds classified as "Tier 1" include a subordinated loan issued by the company Eurovita Holding and subscribed by the holding company Flavia Holdco Limited. In its structure, this component presents a mechanism for absorbing capital losses to be activated upon the occurrence of an "activating event", i.e. a serious breach of the solvency capital requirement. It should be specified that, in relation to the requirements of Article 71, para. 1, sub-paragraph e), Delegated Acts, it was not necessary to activate the loss absorption mechanism for such subordinated liability.

Basic Own Funds classified as "Tier 2", with a solvency value of €48.92 million, are entirely made up of subordinated liabilities, classified as such under the provision of Article 308-*ter*, paragraph 10, of the Directive, unchanged in nominal terms from the previous financial year. The table below shows details of subordinated loans issued in the form of bonds with the related maturities and terms and conditions:

Amounts in Euro thousand	Nominal	Subscription	Maturity	Rate	Value at 31/12/2018
Bond loan issued by Eurovita S.p.A.	5.000	01/10/2015	01/10/2025	4,75%	5.218
Bond loan issued by Eurovita S.p.A.	40.000	22/12/2015	22/12/2025	6,00%	43.724
Total Subordinated Liabilities	**45.000**				**48.942**

With reference to the reconciliation reserve, the following table shows the procedure to calculate the amount thereof:

Reconciliation reserve	
Excess of assets over liabilities	320.782.556
Own shares (held directly and indirectly)	-
Foreseeable dividends, distributions and charges	-
Other basic own fund items	169.000.141
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-
Reconciliation reserve	**151.782.415**

Any excess of assets with respect to liabilities was determined in Form SE.02.01 as the difference between the assets and liabilities measured according to the Solvency II principles.

The other components of basic Own Funds, equal to €169,000 thousand, consist of:

- share capital of €1,000 thousand;
- shareholder capital payments of €168,000 thousand.

The reconciliation reserve, amounting to €151,782 thousand, is made up of the following components, which are stated in the Group's consolidated financial statements at 31 December 2018, prepared in accordance with IAS/IFRS accounting standards:

- losses of €52,238 thousand on financial assets available for sale;
- other gains of €3,350 thousand recognized directly in equity;
- profit for the year of €12,737 thousand;
- profit reserves and other equity reserves of €221,106 thousand;
- shareholders' equity attributable to minority interests of €1,920 thousand;

and the component related to solvency assessments, i.e. a loss of €35,092 thousand arising from a different MVBS preparation basis from the balance sheet prepared in accordance with IAS/IFRS accounting standards.

The reconciliation of the Group's shareholders' equity, as stated in the IAS/IFRS consolidated financial statements, and Own Funds is shown below:

Reconciliation of balance sheet and MVBS shareholders' equity	
IAS/IFRS GROUP Shareholders' Equity	**355.875.196**
Adjustments by type of assets and liabilities	
Intangible assets	-333.157.826
Investments	-6.505.085
Life provisions	312.833.929
Provisions borne by Life reinsurers	-1.382.942
Subordinated liabilities	-4.579.016
Deposits with cedants	11.463.417
Deposits received from reinsurers	-26.941.477
Other liabilities	7.365.938
Deferred taxes	5.810.422
Total adjustments	**-35.092.640**
Excess of assets over liabilities in MVBS	**320.782.557**
Subordinated liabilities	165.474.185
Expected dividend	0
Own Funds	**486.256.741**

The following is an illustration of the changes that caused a difference between Own Funds calculated according to IAS/IFRS accounting standards, represented as shareholders' equity in the consolidated financial statements, and available Own Funds calculated according to Solvency II principles:

- a negative effect due to the elimination of intangible assets of €333.16 million. Intangible assets, among other things, include goodwill and value in force (VIF) deriving from the acquisition of the former company OMWI and of the former ERGO Italia Group and deferred acquisition costs;
- fair value measurement of loan securities with a negative impact of €6.5 million on Own Funds;
- a positive effect linked to the different valuation of gross Technical Provisions, which generates an increase of €312.8 million in Own Funds;
- a negative effect linked to the different valuation of items relating to active and passive reinsurance, which generates a capital decrease of €16.9 million;
- a positive effect linked to valuation differences of the other income and cost components that generate an increase of €7.4 million in Own Funds, due to the reversal of the deferred commission income on investment contracts;
- a positive effect due to deferred taxation, calculated on the differences highlighted above, amounting to €5.8 million.

Information on compliance with Solvency Capital Requirements is shown below, in particular the amount of Solvency Capital Requirement and Minimum Capital Requirement, as well as the eligible amount of Own Funds to cover the above requirements classified by tier:

Available and eligible Own Funds for SCR

	Available Own Funds	Eligibility adjustments	Eligible Own Funds
Tier 1 - unrestricted	320.782.556	-	320.782.556
Tier 1 - restricted	116.532.033	-36.336.394	80.195.639
Tier 2	48.942.152	36.336.394	85.278.546
Tier 3	-	-	-
Total OF	**486.256.741**	**-**	**486.256.741**

Total SCR	**403.472.177**
Excess (shortage)	**82.784.564**

Available and eligible Own Funds for MCR

	Available Own Funds	Eligibility adjustments	Eligible Own Funds
Tier 1 - unrestricted	320.782.556	-	320.782.556
Tier 1 - restricted	116.532.033	-36.336.394	80.195.639
Tier 2	48.942.152	-12.629.656	36.312.496
Tier 3	-	-	-
Total OF	**486.256.741**	**-48.966.049**	**437.290.692**

Total MCR	**180.409.285**
Excess (shortage)	**256.881.407**

The following is a breakdown of the amounts of available and eligible Own Funds to meet the Solvency Capital Requirement and the Minimum Capital Requirement:

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Total available own funds to meet the consolidated group SCR	**486.256.741**	320.782.556	116.532.033	48.942.152	
Total available own funds to meet the minimum consolidated group SCR	**486.256.741**	320.782.556	116.532.033	48.942.152	
Total eligible own funds to meet the consolidated group SCR	**486.256.741**	320.782.556	80.195.639	85.278.545	
Total eligible own funds to meet the minimum consolidated group SCR	**437.060.053**	320.782.556	80.195.639	36.081.857	
Consolidated Group SCR	**403.472.177**				
Minimum consolidated Group SCR	**180.409.285**				
Ratio of Eligible own funds to the consolidated Group SCR	**120,52%**				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**242,26%**				

The value of the Expected profits included in future premiums (EPIFP), equivalent to what can be detected only for Eurovita S.p.A. amounts to € 95,664 thousand.

Own Funds of the Company Eurovita S.p.A.

With regard to the **Company Eurovita**, the following table illustrates the quality of and changes in Own Funds calculated at 31 December 2018, broken down by tier.

	01.01.2018	Increase	Decrease	Valuations	31.12.2018
Ordinary share capital (gross of own shares)	**90.498.908**			-	**90.498.908**
of which TIER 1 - illimited	*90.498.908*				*90.498.908*
Share premium account related to ordinary share capital	**38.386.648**		-	-	**38.386.648**
of which TIER 1 - illimited	*38.386.648*		-		*38.386.648*
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	-	-		-	
Subordinated mutual member accounts	-		-	-	-
Surplus funds	-				
Preference shares	-		-	-	-
Share premium account related to preference shares	-		-	-	-
Reconciliation reserve	**377.084.270**	**30.885.478**	-	**-126.953.977**	**281.015.771**
of which TIER 1 - illimited	*377.084.270*	*30.885.478*	-	*-126.953.977*	*281.015.771*
Subordinated liabilities	**46.146.827**	-	-	**2.795.325**	**48.942.152**
of which TIER 1 - illimited	-			-	-
of which TIER2	*46.146.827*			*2.795.325*	*48.942.152*
An amount equal to the value of net deferred tax assets	-				-
Other items approved by supervisory authority as basic own funds not specified above	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	-				
Deductions	-				
Deductions for participations in financial and credit institutions	-	-	-	-	-
Total basic own funds after deductions	**552.116.653**	**30.885.478**	-	**-124.158.652**	**458.843.479**
of which TIER 1 - illimited	*505.969.826*	*30.885.478*	-	*-126.953.977*	*409.901.327*
of which TIER 1 - limited	-	-	-	-	-
of which TIER2	*46.146.827*	-	-	*2.795.325*	*48.942.152*

Basic Own Funds classified as "Tier 1" substantially have the characteristics referred to in Article 93, paragraph 1), sub-paragraphs a) and b), Directive No. 2009/138/EC, taking into account the aspects referred to in Article 93, paragraph 2), of such Directive, and meet all the conditions referred to in Article 71 of Delegated Regulation (EU) 2015/35.

Basic Own Funds classified as "Tier 2", with a solvency value of €48.92 million, are entirely made up of subordinated liabilities, classified as such under the provision of Article 308-*ter*, paragraph 10, of the Directive, unchanged in nominal terms from the previous financial year. The table below shows details of subordinated loans issued in the form of bonds with the related maturities and terms and conditions:

Amounts in Euro thousand	Nominal	Subscription	Maturity	Rate	Value at 31/12/2018
Bond loan issued by Eurovita S.p.A.	5.000	01/10/2015	01/10/2025	4,75%	5.218
Bond loan issued by Eurovita S.p.A.	40.000	22/12/2015	22/12/2025	6,00%	43.724
Total Subordinated Liabilities	**45.000**				**48.942**

With reference to the reconciliation reserve, the following table shows the procedure to calculate the amount thereof:

Reconciliation reserve	
Excess of assets over liabilities	409.901.327
Own shares (held directly and indirectly)	-
Foreseeable dividends, distributions and charges	-
Other basic own fund items	128.885.556
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	-
Reconciliation reserve	**281.015.771**

Any excess of assets with respect to liabilities was calculated in Template SE.02.01 as the difference between assets and liabilities measured according to Solvency II principles.

The other components of basic Own Funds, equal to €128,886 thousand, consist of:

- share capital of €90,499 thousand;
- share premium of €38,387 thousand;

The Company blocked all dividend payouts, whereby these do not affect final OF.

The reconciliation reserve, amounting to €281,016 thousand, is made up of the following components, which were reported in the Company's financial statements at 31 December 2018, prepared in accordance with IAS / IFRS accounting principles:

- losses of €22,647 thousand on financial assets available for sale;
- other gains of €7,924 thousand recognized directly in equity;
- profit for the year of €30,885 thousand;
- profit reserves and other equity reserves of €18,616 thousand;
- capital reserves of €184,762 thousand;

and the following components related to solvency assessments:

- €61,477 thousand relating to the overall impact of the different measurement of assets and liabilities in the Solvency II balance sheet compared to the balance sheet prepared in accordance with IAS / IFRS accounting standards;

The reconciliation of the Company's shareholders' equity, which can be found in the IAS / IFRS statutory financial statements, and Own Funds is shown below:

Reconciliation of balance sheet and MVBS shareholders' equity	
IFRS statutory shareholders' equity	**348.424.999**
Adjustments by type of assets and liabilities	
Intangible assets	-202.756.009
Investments	17.259.805
Life provisions	297.237.679
Provisions borne by Life reinsurers	-1.382.942
Subordinated liabilities	-3.557.843
Deposits with cedants	11.463.417
Deposits received from reinsurers	-26.941.477
Other liabilities	7.365.417
Deferred taxes	-37.211.718
Total adjustments	**61.476.328**
Excess of assets over liabilities in MVBS	**409.901.327**
Subordinated liabilities	48.942.152
Expected dividend	0
Own Funds	**458.843.479**

The following is an illustration of the changes that caused a difference between Own Funds calculated according to the IAS / IFRS accounting principles, represented as shareholders' equity in the financial statements for the year, and available Own Funds calculated according to Solvency II principles:

- a negative effect due to the elimination of intangible assets of €202.76 million. Intangible assets, among other things, include goodwill and value in force (VIF) arising from the acquisition of the former company OMWI and deferred acquisition costs;
- fair value measurement of loan securities with a positive impact of €17.26 million on Own Funds;
- a positive effect linked to the different measurement of gross technical provisions generating an increase of €297.2 million in Own Funds;
- a negative effect linked to the different measurement of items relating to active and passive reinsurance (in particular in relation to deposits received from reinsurers) generating a decrease of €16.9 million in equity;
- a positive effect linked to the combined effect of the measurement differences of other asset and liability components generating an increase of €7.3 million in Own Funds, essentially due to the DIR cancellation;
- a negative effect of €37.2 million due to deferred taxation, calculated on the differences described above.

Information on compliance with Solvency Capital Requirements is shown below, in particular the amount of Solvency Capital Requirement and Minimum Capital Requirement, as well as the eligible amount of Own Funds to cover the above requirements classified by tier:

Available and eligible Own Funds for SCR (amounts in Euro thousand)

	Available Own Funds	Eligibility adjustments	Eligible Own Funds
Tier 1 - unrestricted	409.901.328	-	409.901.328
Tier 1 - restricted	-	-	-
Tier 2	48.942.151	-	48.942.151
Tier 3	-	-	-
Total OF	**458.843.479**	**-**	**458.843.479**

Total SCR	**403.126.718**
Excess (shortage)	**55.716.761**

Available and eligible Own Funds for MCR (amounts in Euro thousand)

	Available Own Funds	Eligibility adjustments	Eligible Own Funds
Tier 1 - unrestricted	409.901.328	-	409.901.328
Tier 1 - restricted	-	-	-
Tier 2	48.942.151	12.635.611,00	36.306.540
Tier 3	-	-	-
Total OF	**458.843.479**	**12.635.611,00**	**446.207.868**

Total MCR	**181.407.023**
Excess (shortage)	**264.800.845**

Information on LAC DT

With regard to the adjustment for the loss-absorbing capacity of deferred taxes (LAC DT), pursuant to IVASS Regulation No. 35/2017, the Group defined an internal method aimed at evaluating the existence of sufficient future taxable income to demonstrate the recoverability of tax losses emerging after the shock.

In particular, deferred tax assets are only recorded in the event that future profits subject to taxation are available, for which deferred tax assets may be used taking into account any legal and/or regulatory requirements regarding the carry-over of unused tax losses or the carryover of unused tax credits.

For the purpose of calculating notional deferred tax assets (nDTA), the Company used an analytical approach based on the computation of the impact of the immediate loss, as defined in Article 207 of Delegated Regulation (EU) 2015/35, by asset item and by calculating the related tax treatment for I.R.E.S. (corporate income taxes) purposes (24% of taxable income). In the current financial year, following the IVASS inspection, no benefit deriving from I.R.A.P. (regional taxes on productive activities) purposes (6.82% of taxable income) was taken into account, not even within the maximum regional tax recognized in MVBS as deferred tax.

The I.R.E.S. LAC of DT recorded may exceed the threshold of I.R.E.S. deferred tax liabilities entered in the Economic Balance Sheet (i.e. €28.3 million), as permitted by tax regulations for the carry-forward of previous losses; the surplus thereof are the subject of a recovery plan through the expected future profits following the stress event. In the case at issue, a recovery plan of €72.9 million has been set out for I.R.E.S. purposes.

For I.R.E.S. purposes, it follows that the tax losses recorded following the stress event for the part exceeding the amount entered as net DTL in the MVBS, are offset within the limits of the future expected tax liabilities deriving from I.R.E.S. over a time horizon 7 years, as permitted by Regulation No. 35. The first 3 years of the projections coincide with the Company's business plan approved by the Board of Directors and reported in a real world perspective, kept prudently unchanged for the years following the fourth. The Company expresses with it the goal of being a solid and independent company, a leader on the Italian market. In its plan, the physiological reduction of the assets of the former company ERGO Previdenza is recovered through the growth of the banking channel and financial advisers, placing traditional and unit-linked products and managing provisions of over €16 billion.

The Group believes that it will generate future taxable profits as follows:

- New Business earnings calculated accurately against new business premiums as expected in the plan;
- market rebound of assets underlying the Unit-Linked products acquired to cover New Business at particularly stressed market times and therefore subject to a significant recovery; this will allow the insurance Company to withhold greater management fees since they are calculated on assets valued at a higher price;
- recovery of financial losses deriving from spread, property and equity shocks. The value recovery linked to the spread risk was estimated consistently with the duration of the reference portfolio and ability to recover the value. For equity and property risks, the recovery was estimated on the restart of a normal economic cycle;
- management actions aimed at containing discretionary costs (such as special discounts for employees, sponsorship costs, etc.)
- management actions aimed at lengthening the duration of assets (already implemented in the first quarter of 2019) in order to achieve a match with the duration of liabilities representing the commitments entered into with policyholders. The mismatch observed at 31.12.2018 originated due to changes in the operational assumptions requested by IVASS following the inspection and could not be resolved for Q4 2018 valuations, as the Supervisory Authority's observations reached the Company on 20 February 2019.

All the assumptions used in the recoverability plan are supported by appropriate studies.

The Group adopted no transitional measures, as referred to in Article 308-*ter*, paragraphs 9 and 10, Directive 2009/138/EC.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The capital position of the Eurovita Group and of the company Eurovita at 31 December 2018, the related data concerning the consolidated Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR), are shown in the following table.

Standard Formula Results	GROUP Eurovita	Eurovita
Total assets	18.019.798	17.977.294
Total liabilities	-17.699.015	-17.567.392
Expected dividends	-	-
Subordinated liabilities	165.474	48.942
Own Funds eligible for SCR	**486.257**	**458.844**
SCR	**403.472**	**403.127**
Solvency Ratio	120,52%	113,82%
MCR	**180.409**	**181.407**

The Group and the Company measure SCR based on the criteria set by the Standard Formula and referring to the principle of proportionality; moreover, none of the simplifications provided for by regulations were used. For the purposes of calculating solvency at the Group level, the standard method based on the consolidated financial statements was used, as specified in Article 230 of Directive No. 2009/138/EC.

The results of the measurement at 31 December 2018 for the Group and Eurovita are as follows:

Standard Formula Results	GROUP Eurovita	Eurovita
Market risk	455.638	455.638
Counterparty Default risk	10.528	9.000
Life underwriting risk	200.423	200.423
Diversification	-121.612	-120.572
Net BSCR	**544.977**	**544.490**
Operational risk	54.553	54.553
LAC of TP	-94.875	-94.883
LAC of DT	-101.183	-101.034
SCR	**403.473**	**403.127**

The summary table below shows a comparison with the previous financial year:

	2018	2017	Difference
Market risk	370.868	280.313	90.555
Counterparty default risk	10.528	16.753	-6.225
Life underwriting risk	173.123	141.150	31.973
Health underwriting risk			0
Non-life underwriting risk			0
Diversification	-104.417	-88.798	-15.619
Intangible asset risk			0
Total capital requirement for operational risk	54.553	47.478	7.075
Loss-absorbing capacity of deferred taxes	-101.183	-119.942	18.759
Solvency capital requirement	**403.472**	**276.954**	**126.518**

The IVASS inspection affected the results following the change in technical and operational assumptions, as further detailed below.

With regard to market risk, the changes compared to the previous financial year are mainly attributable to the interest rate and spread sub-risks, respectively affected by an imperfect alignment of the duration of assets with respect to liabilities, resulting from the change in technical assumptions and from a greater exposure to corporate securities.

Regarding underwriting risk, the impact derives from the change, from a more prudential point of view, in assumptions of redemption propensity on the part of policyholders.

Finally, a prudential method was adopted in the calculation of the loss-absorbing capacity of deferred taxes, essentially eliminating the component relating to local income taxes.

The minimum solvency requirement was calculated according the provisions contained in Chapter VII of the Delegated Acts and amounted to €180,409 thousand.

On the basis of the provisions set forth in the regulations, the inputs used to calculate the requirement were: technical provisions with no risk margin relating to guaranteed benefits for life insurance obligations with profit participation, after deduction of amounts recoverable from reinsurance contracts and special purpose vehicles, with a minimum threshold of zero, as well as technical provisions without risk margin for reinsurance obligations where the underlying life insurance obligations include profit participation, after deduction of amounts recoverable from reinsurance contracts and special purpose vehicles, with a minimum threshold of zero; technical provisions without risk margin in relation to future discretionary profit participation for life insurance obligations with profit participation, after deduction of amounts recoverable from reinsurance contracts and special purpose vehicles, with a minimum threshold of zero; technical provisions without risk margin for index-linked and unit-linked life insurance obligations and reinsurance obligations relating to these insurance obligations, after deduction of amounts recoverable from reinsurance contracts and special purpose vehicles, with a minimum threshold of zero; technical provisions without risk margin for all other life insurance and reinsurance obligations, after deduction of amounts recoverable from reinsurance contracts and special purpose vehicles, with a minimum threshold of zero; the total amount of capital at risk.

The Group's solvency calculation process

Given the Group's structure described above, the process to calculate the Group's solvency was based on the so-called "method 1", using which Eurovita S.p.A. and the operating company Agenzia Eurovita S.r.l. are consolidated in the company Eurovita Holding S.p.A.

Due to the limited scope of activities carried out by the Holding and by Agenzia Eurovita, the data used to calculate the Group's solvency and the processes used for their preparation were essentially the same as those used for the insurance subsidiary.

There were no differences between the consolidation area considered for the purpose of the consolidated financial statements pursuant to Article 95 of the Code and the scope of consolidation considered for the purpose of calculating Group solvency pursuant to Article 216-*ter* of the Code, related implementation provisions and Title II, Chapter I, Delegated Acts.

E.3 Use of the Duration-Based Equity Risk Sub-Module in the Calculation of the Solvency Capital Requirement

The Group and the subsidiary Company did not use the duration-based equity risk sub-module.

E.4 Differences between the Standard Formula and the Internal Model Used

The Group and the subsidiary Company calculated the Solvency Capital Requirement using the standard formula and did not apply any specific parameters pertaining to the Company or fair value adjustments to the appropriate structure by maturity of risk-free interest rates.

EUROVITA HOLDING

E.5 Non-Compliance with the Minimum Capital Requirement (MCR) and Non-Compliance with the Solvency Capital Requirement (SCR)

In financial year 2018, the Group and the Company met the solvency capital requirement, achieving a solvency II ratio of 121% and 114%, respectively, and a minimum capital requirement of 246% for both enterprises. With regard to reaching the minimum threshold of 150% as established by the Board of Directors, please refer to paragraph A5 and to the actions described therein.

Based on the expected developments of Own Funds and the solvency capital requirement, illustrated in paragraphs E.1 and E.2 above, full coverage of the minimum capital requirement and solvency capital requirement is expected in the planning years.

E.6 Other Information

The Group and the Company will make no dividend pay-outs in 2019, therefore the insurance Company's result for the year will be fully allocated to reserves as further described in paragraph A5 above.

Milan, 17 May 2019

FOR THE BOARD OF DIRECTORS

Erik STATTIN

Chief Executive Officer

ANNEXES

ANNEX 1 –

EUROVITA HOLDING – GROUP QRT

S.02.01.02 – Balance Sheet

Balance Sheet

		Solvency II value	Statutory accounts value
		C0010	C0020
Assets			
Goodwill	R0010		22.050.297,37
Deferred acquisition costs	R0020		95.715.340,34
Intangible assets	R0030		215.392.188,11
Deferred tax assets	R0040		10.888.008,49
Pension benefit surplus	R0050	0,00	0,00
Property, plant & equipment held for own use	R0060	506.153,79	506.153,79
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**9.517.835.031,03**	**9.522.175.481,35**
Property (other than for own use)	R0080		0,00
Holdings in related undertakings, including participations	R0090		
Equities	*R0100*	*26.628.416,80*	*26.628.416,80*
Equities - listed	R0110		0,00
Equities - unlisted	R0120	26.628.416,80	26.628.416,80
Bonds	*R0130*	*8.405.773.831,67*	*8.410.114.283,93*
Government Bonds	R0140	6.373.182.047,45	6.374.620.571,30
Corporate Bonds	R0150	1.652.613.442,78	1.655.788.064,92
Structured notes	R0160	379.978.341,44	379.705.647,71
Collateralised securities	R0170		0,00
Collective Investments Undertakings	R0180	1.073.838.203,34	1.073.838.201,40
Derivatives	R0190	11.594.579,22	11.594.579,22
Deposits other than cash equivalents	R0200		0,00
Other investments	R0210		0,00
Assets held for index-linked and unit-linked contracts	R0220	6.660.614.776,39	6.662.779.410,60
Loans and mortgages	**R0230**	**31.592.243,07**	**31.592.243,07**
Loans on policies	R0240	30.189.346,11	30.189.346,11
Loans and mortgages to individuals	R0250	349.901,32	349.901,32
Other loans and mortgages	R0260	1.052.995,64	1.052.995,64
Reinsurance recoverables from:	**R0270**	**1.120.566.365,25**	**1.121.949.307,35**
Non-life and health similar to non-life	R0280		
Non-life excluding health	R0290		0,00
Health similar to non-life	R0300		0,00
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	1.120.566.365,25	1.121.949.307,35
Health similar to life	R0320		0,00
Life excluding health and index-linked and unit-linked	R0330	1.120.566.365,25	1.121.949.307,35
Life index-linked and unit-linked	R0340		0,00
Deposits to cedants	R0350	88.802.947,97	77.339.531,06
Insurance and intermediaries receivables	R0360	164.881.827,84	164.881.827,84
Reinsurance receivables	R0370	5.192.097,38	5.192.097,38
Receivables (trade, not insurance)	R0380	345.677.315,72	345.677.315,72
Own shares (held directly)	R0390		0,00
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400		0,00
Cash and cash equivalents	R0410	77.896.870,50	77.896.870,50
Any other assets, not elsewhere shown	R0420	6.232.214,63	6.232.214,63
Total assets	**R0500**	**18.019.797.843,57**	**18.360.268.287,60**

S.02.01.02 – Balance Sheet

Balance Sheet

Liabilities

		Solvency II value	Statutory accounts value
		C0010	C0020
Technical provisions - non-life	**R0510**		
Technical provisions - non-life (excluding health)	**R0520**		
TP calculated as a whole	R0530		
Best estimate	R0540		
Risk margin	R0550		
Technical provisions - health (similar to non-life)	**R0560**		
TP calculated as a whole	R0570		
Best estimate	R0580		
Risk margin	R0590		
TP - life (excluding index-linked and unit-linked)	**R0600**	**9.461.060.926,49**	**9.476.582.005,32**
Technical provisions - health (similar to life)	**R0610**		
TP calculated as a whole	R0620		
Best estimate	R0630		
Risk margin	R0640		
TP - life (excluding health and index-linked and unit-linked)	**R0650**	**9.461.060.926,49**	**9.476.582.005,32**
TP calculated as a whole	R0660		
Best estimate	R0670	9.353.893.921,49	
Risk margin	R0680	107.167.005,00	
TP - index-linked and unit-linked	**R0690**	**6.371.088.690,06**	**6.668.401.540,26**
TP calculated as a whole	R0700		
Best estimate	R0710	6.367.651.993,06	
Risk margin	R0720	3.436.697,00	
Other technical provisions	R0730		
Contingent liabilities	R0740		0,00
Provisions other than technical provisions	R0750	17.099.765,44	17.099.765,44
Pension benefit obligations	R0760	919.761,50	919.761,50
Deposits from reinsurers	R0770	1.136.894.849,82	1.109.953.372,73
Deferred tax liabilities	R0780	39.259.380,62	55.957.811,13
Derivatives	R0790	789.711,10	789.711,10
Debts owed to credit institutions	R0800	10.731.000,00	10.731.000,00
Financial liabilities other than debts owed to credit institutions	R0810		
Insurance & intermediaries payables	R0820	296.638.769,25	296.638.769,25
Reinsurance payables	R0830	64.735.496,54	64.735.496,54
Payables (trade, not insurance)	R0840	131.824.534,57	131.824.534,57
Subordinated liabilities	**R0850**	165.474.184,58	160.895.168,68
Subordinated liabilities not in BOF	R0860		0,00
Subordinated liabilities in BOF	R0870	165.474.184,58	160.895.168,68
Any other liabilities, not elsewhere shown	R0880	2.498.217,08	9.864.154,69
Total liabilities	**R0900**	**17.699.015.287,05**	**18.004.393.091,21**

Excess of assets over liabilities	**R1000**	**320.782.556,52**	**355.875.196,39**

S.05.01.02 – Premiums, Claims, and Expenses by Line of Business

Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations			Life reinsurance obligations	Total
		Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Life reinsurance	
		C0220	C0230	C0240	C0280	C0300
Premium written						
Gross	R1410	1.203.560.003,96	659.061.478,00	24.594.302,00	5.880.337,00	**1.893.096.120,96**
Reinsurers' share	R1420	52.494.311,00	18.069,00		688.191,56	**53.200.571,56**
Net	**R1500**	**1.151.065.692,96**	**659.043.409,00**	**24.594.302,00**	**5.192.145,44**	**1.839.895.549,40**
Premium earned						
Gross	R1510	1.203.560.003,96	659.061.478,00	24.594.302,00	5.880.337,00	**1.893.096.120,96**
Reinsurers' share	R1520	52.494.311,00	18.069,00	0,00	688.191,56	**53.200.571,56**
Net	**R1600**	**1.151.065.692,96**	**659.043.409,00**	**24.594.302,00**	**5.192.145,44**	**1.839.895.549,40**
Claims incurred						
Gross	R1610	1.348.861.896,57	1.245.450.972,96	3.883.903,42	5.313.609,73	**2.603.510.382,68**
Reinsurers' share	R1620	416.938.088,00	-508.219,00		2.988.045,00	**419.417.914,00**
Net	**R1700**	**931.923.808,57**	**1.245.959.191,96**	**3.883.903,42**	**2.325.564,73**	**2.184.092.468,68**
Changes in other technical provisions						
Gross	R1710	-169.552.361,44	-1.134.201.634,35	0,00	-453.913,00	**-1.304.207.908,79**
Reinsurers' share	R1720	-331.873.195,00	-11.058.289,00		-2.010.800,00	**-344.942.284,00**
Net	**R1800**	**162.320.833,56**	**-1.123.143.345,35**		**1.556.887,00**	**-959.265.624,79**
Expenses incurred	**R1900**	**49.003.817,97**	**50.143.890,60**	**8.852.547,59**	**119.573,57**	**108.119.829,73**
Administrative expenses						
Gross	R1910	24.364.130,56	4.770.397,00	2.859.760,00		**31.994.287,56**
Reinsurers' share	R1920					**0,00**
Net	**R2000**	**24.364.130,56**	**4.770.397,00**	**2.859.760,00**		**31.994.287,56**
Investment management expenses						
Gross	R2010	7.630.824,87	3.534.774,18	645.025,00		**11.810.624,05**
Reinsurers' share	R2020					**0,00**
Net	**R2100**	**7.630.824,87**	**3.534.774,18**	**645.025,00**		**11.810.624,05**
Claims management expenses						
Gross	R2110	6.617.108,00	2.162.563,04	133.735,58		**8.913.406,63**
Reinsurers' share	R2120					**0,00**
Net	**R2200**	**6.617.108,00**	**2.162.563,04**	**133.735,58**		**8.913.406,63**
Acquisition expenses						
Gross	R2210	21.394.844,53	39.676.156,38	5.214.027,01	220.107,57	**66.505.135,49**
Reinsurers' share	R2220	11.003.090,00			100.534,00	**11.103.624,00**
Net	**R2300**	**10.391.754,53**	**39.676.156,38**	**5.214.027,01**	**119.573,57**	**55.401.511,49**
Overhead expenses						
Gross	R2310					**0,00**
Reinsurers' share	R2320					**0,00**
Net	**R2400**					**0,00**
Other expenses	**R2500**					**114.366.805,12**
Total expenses	**R2600**					**222.486.634,85**
Total amount of surrenders	R2700					**0,00**

S.22.01.22 – Impact of Long-Term Guarantees and Transitional Measures

Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals	Without transitional on technical provisions	Without transitional on interest rate	Without volatility adjustment and without other transitional measures	Impact of volatility adjustment set to zero	Without matching adjustment and without all the others	Impact of all LTG measures and transitionals
		C0010	C0020	C0040	C0060	C0070	C0080	C0100
Technical provisions	**R0010**	15.832.149.616,55	15.832.149.616,55	15.832.149.616,55	15.945.810.463,26	113.660.846,71	15.945.810.463,26	113.660.846,71
Basic own funds	**R0020**	486.256.741,10	486.256.741,10	486.256.741,10	408.229.516,73	-78.027.224,37	408.229.516,73	-78.027.224,37
Excess of assets over liabilities	R0030	320.782.556,52	320.782.556,52	320.782.556,52	242.748.332,15	-78.034.224,37	242.748.332,15	-78.034.224,37
Restricted own funds due to ring-fencing and matching portfolio	R0040							
Eligible own funds to meet Solvency Capital Requirement	**R0050**	486.256.741,10	486.256.741,10	486.256.741,10	408.222.516,73	-78.034.224,37	408.222.516,73	-78.034.224,37
Tier I	R0060	400.978.195,65	400.978.195,65	400.978.195,65	322.943.971,28	-78.034.224,37	322.943.971,28	-78.034.224,37
Tier II	R0070	85.278.545,45	85.278.545,45	85.278.545,45	85.278.545,45	0,00	85.278.545,45	0,00
Tier III	R0080							
Solvency Capital Requirement	**R0090**	403.472.177,00	403.472.177,00	403.472.177,00	431.003.306,47	30.272.771,59	431.003.306,47	27.531.129,47

S.23.01.22- Own Funds

Own Funds Group

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	**1.000.000,00**	1.000.000,00			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030	**168.000.141,23**	168.000.141,23			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts at group level	R0060					
Surplus funds	R0070					
Non-available surplus funds at group level	R0080					
Preference shares	R0090					
Non-available preference shares at group level	R0100					
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level	R0120					
Reconciliation reserve	R0130	**151.782.415,29**	151.782.415,29			
Subordinated liabilities	R0140	**165.474.184,58**		116.532.033,07	48.942.151,51	
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160					
The amount equal to the value of net deferred tax assets not available at the group level	R0170					
Other items approved by supervisory authority as basic own funds not specified above	R0180					
Non available own funds related to other own funds items approved by supervisory authority	R0190					
Minority interests (if not reported as part of a specific own fund item)	R0200					
Non-available minority interests at group level	R0210					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230					
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240					
Deductions for participations where there is non-availability of information (Article 229)	R0250					
Deduction for participations included by using D&A when a combination of methods is used	R0260					
Total of non-available own fund items	R0270					
Total deductions	**R0280**					
Total basic own funds after deductions	**R0290**	**486.256.741,10**	**320.782.556,52**	**116.532.033,07**	**48.942.151,51**	
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Non available ancillary own funds at group level	R0380					
Other ancillary own funds	R0390					
Total ancillary own funds	**R0400**					
Own funds of other financial sectors						
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies - Total	R0410					
Institutions for occupational retirement provision	R0420					
Non regulated entities carrying out financial activities	R0430					
Total own funds of other financial sectors	R0440					
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450					
Own funds aggregated when using the D&A and a combination of method net of IGT	R0460					
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0520**	**486.256.741,10**	**320.782.556,52**	**116.532.033,07**	**48.942.151,51**	
Total available own funds to meet the minimum consolidated group SCR	**R0530**	**486.256.741,10**	**320.782.556,52**	**116.532.033,07**	**48.942.151,51**	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0560**	**486.256.741,10**	**320.782.556,52**	**80.195.639,13**	**85.278.545,45**	
Total eligible own funds to meet the minimum consolidated group SCR	**R0570**	**437.060.052,55**	**320.782.556,52**	**80.195.639,13**	**36.081.856,90**	
Consolidated Group SCR	**R0590**	**403.472.177,00**				
Minimum consolidated Group SCR	**R0610**	**180.409.284,51**				
Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)	**R0630**	**120,52%**				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	**242,26%**				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	**R0660**	**486.256.741,10**	320.782.556,52	80.195.639,13	85.278.545,45	
SCR for entities included with D&A method	**R0670**					
Group SCR	**R0680**	**403.472.177,00**				
Ratio of Eligible own funds to SCR including other financial sectors' own funds and capital requirements	**R0690**	**120,52%**				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	**320.782.556,52**
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	**169.000.141,23**
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Other non available own funds	R0750	
Reconciliation reserve	**R0760**	**151.782.415,29**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life Business	R0770	95.663.865,50
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	
Total Expected profits included in future premiums (EPIFP)	**R0790**	**95.663.865,50**

S.25.01.22- Solvency Capital Requirement for Companies that Use the Standard Formula

Solvency Capital Requirement - for groups on Standard Formula

Article 112	Z0010	2 - Regular reporting

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	C0040	C0050
Market risk	R0010	370.867.999,41	455.638.221,39	
Counterparty default risk	R0020	10.528.426,44	10.528.426,44	
Life underwriting risk	R0030	173.122.973,40	200.423.041,82	
Health underwriting risk	R0040			
Non-life underwriting risk	R0050			
Diversification	R0060	-104.417.128,05	-121.612.371,06	
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	**R0100**	**450.102.271,20**	**544.977.318,58**	

Calculation of Solvency Capital Requirement

		C0100
Adjustment due to RFF/MAP nSCR aggregation	R0120	
Total capital requirement for operational risk	R0130	54.553.359,82
Loss-absorbing capacity of technical provisions	R0140	-94.875.047,38
Loss-absorbing capacity of deferred taxes	R0150	-101.183.454,02
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	**R0200**	**403.472.177,00**
Capital add-on already set	R0210	
Solvency capital requirement	**R0220**	**403.472.177,00**
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	R0450	4 - No adjustment
Net future discretionary benefits	R0460	184.063.689,62
Minimum consolidated group solvency capital requirement	R0470	180.409.284,51
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirer	R0530	
Capital requirement for non-controlled participation requirements	R0540	
Capital requirement for residual undertakings	R0550	
Overall SCR		
SCR for undertakings included via D and A	R0560	
Solvency capital requirement	**R0570**	**403.472.177,00**

EUROVITA HOLDING

S.32.01.22 – Companies within the Group

Undertakings in the scope of the group

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	Total Balance Sheet (for (re)insurance undertakings)	Total Balance Sheet (non-regulated undertakings)
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0110
IT	529900LM125KCD508F59	1 - LEI	EUROVITA S.P.A.	1 - Life insurance undertaking	SOCIETA PER AZIONI	2 - Non-mutual	tituto per la Vigilanza sulle assicurazio	18.152.709.631,86	
IT	52990094QK5Q0NND9A42	1 - LEI	EUROVITA HOLDING S.P.A.	5 - Insurance holding company as defined in Article 212(1) (f) of Directive 20	SOCIETA PER AZIONI	2 - Non-mutual			407.206.680,71
IT	5299008NJGR104BTV015	1 - LEI	AGENZIA EUROVITA S.P.A,	99 - Other	SOCIETA A RESPOSNSABILITA LIMITATA	2 - Non-mutual			7.602.978,56

Written premiums net of reinsurance ceded under IFRS or local GAAP for (re)insurance undertakings	Turn over defined as the gross revenue under IFRS or local GAAP for other types of undertakings or insurance holding companies	Investment performance	Total performance	Accounting standard	% capital share	% used for the establishment of consolidated accounts	% voting rights	Level of influence	Proportional share used for group solvency calculation	Yes/No	Method used and under method 1, treatment of the undertaking
C0120	C0130	C0150	C0160	C0170	C0180	C0190	C0200	C0220	C0230	C0240	C0260
1.199.021,45		107.158.496,76	30.885.478,39	1 - IFRS	99,45%	99,45%	99,45%	1 - Dominant	99,45%	1 - Included in the scope	1 - Method 1: Full consolidation
	2.409.062,07		28.882.764,95	1 - IFRS				1 - Dominant		1 - Included in the scope	1 - Method 1: Full consolidation
	2.345.090,71		1.422.027,22	1 - IFRS	100,00%	100,00%	100,00%	1 - Dominant	100,00%	t included in the scope (art.	1 - Method 1: Full consolidation

ANNEX 2 –

EUROVITA S.P.A. – STAND-ALONE QRT

S.02.01.02 – Balance Sheet

Balance Sheet

		Solvency II value	Statutory accounts value
		C0010	C0020
Assets			
Goodwill	R0010		22.050.297,37
Deferred acquisition costs	R0020		95.715.340,34
Intangible assets	R0030	0,00	84.990.371,48
Deferred tax assets	R0040	0,00	0,00
Pension benefit surplus	R0050	0,00	0,00
Property, plant & equipment held for own use	R0060	466.029,09	466.029,09
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**9.517.835.031,03**	**9.498.410.591,46**
Property (other than for own use)	R0080	0,00	
Holdings in related undertakings, including participations	R0090		
Equities	*R0100*	*26.628.416,80*	*26.628.416,80*
Equities - listed	R0110	0,00	0,00
Equities - unlisted	R0120	26.628.416,80	26.628.416,80
Bonds	*R0130*	*8.405.773.831,67*	*8.386.349.394,04*
Government Bonds	R0140	6.373.182.047,45	
Corporate Bonds	R0150	1.652.613.442,78	
Structured notes	R0160	379.978.341,44	
Collateralised securities	R0170	0,00	
Collective Investments Undertakings	R0180	1.073.838.203,34	1.073.838.201,40
Derivatives	R0190	11.594.579,22	11.594.579,22
Deposits other than cash equivalents	R0200	0,00	0,00
Other investments	R0210	0,00	0,00
Assets held for index-linked and unit-linked contracts	R0220	6.660.614.776,39	6.662.779.410,60
Loans and mortgages	**R0230**	**31.592.243,07**	**31.592.243,07**
Loans on policies	R0240	30.189.346,11	30.189.346,11
Loans and mortgages to individuals	R0250	349.901,32	349.901,32
Other loans and mortgages	R0260	1.052.995,64	1.052.995,64
Reinsurance recoverables from:, Reinsurance recoverables from (ECB Reclassification adjustments column)	**R0270**	**1.120.566.365,25**	**1.121.949.307,35**
Non-life and health similar to non-life	R0280		
Non-life excluding health	R0290		
Health similar to non-life	R0300		
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	1.120.566.365,25	1.121.949.307,35
Health similar to life	R0320	0,00	
Life excluding health and index-linked and unit-linked	R0330	1.120.566.365,25	1.121.949.307,35
Life index-linked and unit-linked	R0340	0,00	0,00
Deposits to cedants	R0350	88.802.947,97	77.339.531,06
Insurance and intermediaries receivables	R0360	164.881.827,84	164.881.827,84
Reinsurance receivables	R0370	5.192.097,38	5.192.097,38
Receivables (trade, not insurance)	R0380	320.291.695,45	320.291.695,45
Own shares (held directly)	R0390	0,00	0,00
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0,00	0,00
Cash and cash equivalents	R0410	60.821.468,74	60.821.468,74
Any other assets, not elsewhere shown	R0420	6.229.420,63	6.229.420,63
Total assets	**R0500**	**17.977.293.902,84**	**18.152.709.631,86**

S.02.01.02 – Balance Sheet

Balance Sheet

Liabilities		Solvency II value C0010	Statutory accounts value C0020
Technical provisions - non-life	**R0510**		
Technical provisions - non-life (excluding health)	**R0520**		
TP calculated as a whole	R0530		
Best estimate	R0540		
Risk margin	R0550		
Technical provisions - health (similar to non-life)	**R0560**		
TP calculated as a whole	R0570		
Best estimate	R0580		
Risk margin	R0590		
TP - life (excluding index-linked and unit-linked)	**R0600**	**9.461.060.926,49**	**9.460.985.755,33**
Technical provisions - health (similar to life)	**R0610**		
TP calculated as a whole	R0620		
Best estimate	R0630		
Risk margin	R0640		
TP - life (excluding health and index-linked and unit-linked)	**R0650**	**9.461.060.926,49**	**9.460.985.755,33**
TP calculated as a whole	R0660	0,00	
Best estimate	R0670	9.353.893.921,49	
Risk margin	R0680	107.167.005,00	
TP - index-linked and unit-linked	**R0690**	**6.371.088.690,06**	**6.668.401.540,26**
TP calculated as a whole	R0700	0,00	
Best estimate	R0710	6.367.651.993,06	
Risk margin	R0720	3.436.697,00	
Other technical provisions	R0730		
Contingent liabilities	R0740	0,00	0,00
Provisions other than technical provisions	R0750	22.122.215,44	22.122.215,44
Pension benefit obligations	R0760	919.761,50	919.761,50
Deposits from reinsurers	R0770	1.136.894.849,82	1.109.953.372,73
Deferred tax liabilities	R0780	39.170.665,13	1.958.946,94
Derivatives	R0790	789.711,10	789.711,10
Debts owed to credit institutions	R0800	10.731.000,00	10.731.000,00
Debts owed to credit institutions resident domestically	ER0801	0,00	
Debts owed to credit institutions resident in the euro area other than domestic	ER0802	10.731.000,00	
Debts owed to credit institutions resident in rest of the world	ER0803	0,00	
Financial liabilities other than debts owed to credit institutions	R0810		
debts owed to non-credit institutions	ER0811		
debts owed to non-credit institutions resident domestically	ER0812	0,00	
debts owed to non-credit institutions resident in the euro area other than domestic	ER0813	0,00	
debts owed to non-credit institutions resident in rest of the world	ER0814	0,00	
other financial liabilities (debt securities issued)	ER0815	0,00	
Insurance & intermediaries payables	R0820	296.638.769,25	296.638.769,25
Reinsurance payables	R0830	64.735.496,54	64.735.496,54
Payables (trade, not insurance)	R0840	111.799.600,63	111.799.600,63
Subordinated liabilities	**R0850**	48.942.151,51	45.384.308,58
Subordinated liabilities not in BOF	R0860	0,00	
Subordinated liabilities in BOF	R0870	48.942.151,51	
Any other liabilities, not elsewhere shown	R0880	2.498.217,08	9.864.154,69
Total liabilities	**R0900**	**17.567.392.054,54**	**17.804.284.632,99**

Excess of assets over liabilities	**R1000**	**409.901.848,30**	**348.424.998,87**

S.05.01.02 – Premiums, Claims, and Expenses by Line of Business

Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410		1.203.560.003,96	659.061.478,00	24.594.302,00				5.880.337,00	**1.893.096.120,96**
Reinsurers' share	R1420		52.494.311,00	18.069,00					688.191,56	**53.200.571,56**
Net	**R1500**		**1.151.065.692,96**	**659.043.409,00**	**24.594.302,00**				**5.192.145,44**	**1.839.895.549,40**
Premiums earned										
Gross	R1510		1.203.560.003,96	659.061.478,00	24.594.302,00				5.880.337,00	**1.893.096.120,96**
Reinsurers' share	R1520		52.494.311,00	18.069,00	0,00				688.191,56	**53.200.571,56**
Net	**R1600**		**1.151.065.692,96**	**659.043.409,00**	**24.594.302,00**				**5.192.145,44**	**1.839.895.549,40**
Claims incurred										
Gross	R1610		1.348.861.896,57	1.245.450.972,96	3.883.903,42				5.313.609,73	**2.603.510.382,67**
Reinsurers' share	R1620		416.938.088,00	-508.219,00					2.988.045,00	**419.417.914,00**
Net	**R1700**		**931.923.808,57**	**1.245.959.191,96**	**3.883.903,42**				**2.325.564,73**	**2.184.092.468,67**
Changes in other technical provisions										
Gross	R1710		-81.144.664,00	-1.134.201.634,35	0,00				-453.913,00	**-1.215.800.211,35**
Reinsurers' share	R1720		-331.873.195,00	-11.058.289,00					-2.010.800,00	**-344.942.284,00**
Net	**R1800**		**250.728.531,00**	**-1.123.143.345,35**					**1.556.887,00**	**-870.857.927,35**
Expenses incurred	**R1900**		**50.045.072,22**	**50.143.890,60**	**8.852.547,59**				**119.573,57**	**109.161.083,99**
Administrative expenses										
Gross	R1910		23.124.002,00	4.770.397,00	2.859.760,00					**30.754.159,00**
Reinsurers' share	R1920									**0,00**
Net	**R2000**		**23.124.002,00**	**4.770.397,00**	**2.859.760,00**					**30.754.159,00**
Investment management expenses										
Gross	R2010		7.630.824,87	3.534.774,18	645.025,00					**11.810.624,05**
Reinsurers' share	R2020									**0,00**
Net	**R2100**		**7.630.824,87**	**3.534.774,18**	**645.025,00**					**11.810.624,05**
Claims management expenses										
Gross	R2110		6.617.108,00	2.162.563,04	133.735,58					**8.913.406,63**
Reinsurers' share	R2120									**0,00**
Net	**R2200**		**6.617.108,00**	**2.162.563,04**	**133.735,58**					**8.913.406,63**
Acquisition expenses										
Gross	R2210		23.676.227,35	39.676.156,38	5.214.027,01				220.107,57	**68.786.518,30**
Reinsurers' share	R2220		11.003.090,00						100.534,00	**11.103.624,00**
Net	**R2300**		**12.673.137,35**	**39.676.156,38**	**5.214.027,01**				**119.573,57**	**57.682.894,30**
Overhead expenses										
Gross	R2310									**0,00**
Reinsurers' share	R2320									**0,00**
Net	**R2400**									**0,00**
Other expenses	**R2500**									**114.366.805,12**
Total expenses	**R2600**									**223.527.889,11**
Total amount of surrenders	**R2700**									**0,00**

S.12.01.02 – Technical Provisions for Life Insurance and SLT Health Insurance

Life and Health SLT Technical Provisions

			Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance					Total (Life other than health insurance, incl. Unit-Linked)
					Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			Insurance with profit participation on Accepted reinsurance (Gross)	Index-linked and unit-linked insurance on Accepted reinsurance (Gross)	Other life insurance on Accepted reinsurance (Gross)	Annuities stemming from non-life accepted insurance contracts and relating to insurance obligation other than health insurance obligations (Gross)	
			C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150
Technical provisions calculated as a whole		**R0010**	0,00	0,00			0,00			0,00		0,00	0,00	0,00	0,00	**0,00**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole		R0020	0,00	0,00			0,00			0,00		0,00	0,00	0,00	0,00	**0,00**
Technical provisions calculated as a sum of BE and RM																
Best Estimate																
Gross Best Estimate		**R0030**	9.277.589.442,80		0,00	6.367.651.993,06		5.523.844,99	0,00	0,00	**70.780.633,70**	70.780.633,70	0,00	0,00	0,00	**15.721.545.914,55**
Total recoverables from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default		R0040	**1.122.858.764,07**					**-1.857.133,82**								**1.121.001.630,26**
Recoverables from reinsurance (except SPV and Finite Re) before adjustment for expected losses		R0050	1.122.858.764,07		0,00	0,00		-1.857.133,82	0,00	0,00	0,00					**1.121.001.630,26**
Recoverables from SPV before adjustment for expected losses		R0060	0,00		0,00	0,00		0,00	0,00	0,00	0,00					**0,00**
Recoverables from Finite Re before adjustment for expected losses		R0070	0,00		0,00	0,00		0,00	0,00	0,00	0,00					**0,00**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		R0080	1.122.423.499,07		0,00	0,00		-1.857.133,82	0,00	0,00		0,00	0,00	0,00	0,00	**1.120.566.365,25**
Best estimate minus recoverables from reinsurance/SPV and Finite Re		R0090	**8.155.165.943,74**			**6.367.651.993,06**		**7.380.978,81**			**70.780.633,70**					**14.600.979.549,30**
Risk Margin		**R0100**	103.436.310,00	3.436.697,00			3.730.695,00			0,00	**0,00**	0,00	0,00	0,00	0,00	**110.603.702,00**
Amount of the transitional on Technical Provisions																
Technical Provisions calculated as a whole		R0110	0,00	0,00			0,00			0,00	0,00					**0,00**
Best estimate		R0120	0,00		0,00	0,00		0,00	0,00	0,00	0,00					**0,00**
Risk margin		R0130	0,00	0,00			0,00			0,00	0,00					**0,00**
Technical provisions - total		**R0200**	**9.381.025.752,80**	**6.371.088.690,06**			**9.254.539,99**				**70.780.633,70**					**15.832.149.616,55**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total		**R0210**	**8.258.602.253,74**	**6.371.088.690,06**			**11.111.673,81**				**70.780.633,70**	70.780.633,70	0,00	0,00	0,00	**14.711.583.251,30**
Best Estimate of products with a surrender option		**R0220**	9.277.589.442,80	6.367.651.993,06			0,00			0,00	70.780.633,70					**15.716.022.069,56**
Gross BE for Cash flow																
Cash out-flows	Future guaranteed and discretionary benefits	R0230		-5.659.626.891,97			-46.451.559,30			0,00						**-5.706.078.451,27**
	Future guaranteed benefits	R0240	-10.808.500.310,36								0,00					**-10.808.500.310,36**
	Future discretionary benefits	R0250	-184.063.689,62								0,00					**-184.063.689,62**
	Future expenses and other cash out-flows	R0260	-435.424.405,07	-840.304.249,10			-22.135.780,42			0,00	0,00					**-1.297.864.434,59**
Cash in-flows	Future premiums	R0270	2.150.360.012,10	125.775.720,99			63.050.312,42			0,00	0,00					**2.339.186.045,51**
	Other cash in-flows	R0280	38.950,14	6.503.427,02			13.182,31			0,00	0,00					**6.555.559,48**
Percentage of gross Best Estimate calculated using approximations		**R0290**	0,82%	0,17%			-53,33%			0,00%	0,00%					
Surrender value		**R0300**	7.782.875.129,88	6.418.347.867,53			20.605.055,88			0,00	70.780.633,70					**14.292.608.686,99**
Best estimate subject to transitional of the interest rate		**R0310**	0,00	0,00			0,00			0,00	0,00					**0,00**
Technical provisions without transitional on interest rate		R0320	9.381.025.752,80	6.371.088.690,06			9.254.539,99			0,00	70.780.633,70					**15.832.149.616,55**
Best estimate subject to volatility adjustment		**R0330**	9.277.589.442,80	0,00			5.523.844,99			0,00	70.780.633,70					**9.353.893.921,49**
Technical provisions without volatility adjustment and without others transitional measures		R0340	9.500.064.637,94	6.371.088.690,06			9.258.514,98			0,00	70.780.633,70					**15.951.192.476,67**
Best estimate subject to matching adjustment		**R0350**	0,00	0,00			0,00			0,00	0,00					**0,00**
Technical provisions without matching adjustment and without all the others		R0360	9.500.064.637,94	6.371.088.690,06			9.258.514,98			0,00	70.780.633,70					**15.951.192.476,67**

S.22.01.21 – Impact of Long-Term Guarantees and Transitional Measures

Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals	Without transitional on technical provisions	Impact of transitional on technical provisions	Without transitional on interest rate	Impact of transitional on interest rate	Without volatility adjustment and without other transitional measures	Impact of volatility adjustment set to zero	Without matching adjustment and without all the others	Impact of matching adjustment set to zero	Impact of all LTG measures and transitionals
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Technical provisions	**R0010**	15.832.149.616,55	15.832.149.616,55	0,00	15.832.149.616,55		15.951.192.476,67	119.042.860,12	15.951.192.476,67		119.042.860,12
Basic own funds	**R0020**	458.843.479,81	458.843.479,81	0,00	458.843.479,81		377.086.498,56	-81.756.981,25	377.086.498,56		-81.756.981,25
Excess of assets over liabilities	R0030	409.901.848,30	409.901.848,30	0,00	409.901.848,30		328.144.347,05	-81.757.501,25	328.144.347,05		-81.757.501,25
Restricted own funds due to ring-fencing and matching portfolio	R0040										
Eligible own funds to meet Solvency Capital Requirement	**R0050**	458.843.479,81	458.843.479,81	0,00	458.843.479,81		377.086.498,56	-81.756.981,25	377.086.498,56		-81.756.981,25
Tier I	R0060	409.901.328,30	409.901.328,30	0,00	409.901.328,30		328.144.347,05	-81.756.981,25	328.144.347,05		-81.756.981,25
Tier II	R0070	48.942.151,51	48.942.151,51	0,00	48.942.151,51		48.942.151,51		48.942.151,51		0,00
Tier III	R0080				0,00		0,00		0,00		
Solvency Capital Requirement	**R0090**	403.126.718,09	403.126.718,09	0,00	403.126.718,09		430.309.399,89	27.182.681,80	430.309.399,89		27.182.681,80
Eligible own funds to meet Minimum Capital Requirement	**R0100**	446.182.732,93	446.182.732,93	0,00	446.182.732,93		366.872.193,04	-79.310.539,88	366.872.193,04		-79.310.539,88
Minimum Capital Requirement	**R0110**	181.407.023,14	181.407.023,14	0,00	181.407.023,14		193.639.229,95	12.232.206,81	193.639.229,95		12.232.206,81

S.23.01.01- Own Funds

Own funds - Solo

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	90.498.908,41	90.498.908,41			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	319.402.419,89	319.402.419,89			
Subordinated liabilities	R0140	48.942.151,51			48.942.151,51	
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	**R0290**	458.843.479,81	409.901.328,30		48.942.151,51	
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	**R0400**					
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	458.843.479,81	409.901.328,30		48.942.151,51	
Total available own funds to meet the MCR	**R0510**	458.843.479,81	409.901.328,30		48.942.151,51	
Total eligible own funds to meet the SCR	**R0540**	458.843.479,81	409.901.328,30		48.942.151,51	
Total eligible own funds to meet the MCR	**R0550**	446.182.732,93	409.901.328,30		36.281.404,63	
SCR	**R0580**	403.126.718,09				
MCR	**R0600**	181.407.023,14				
Ratio of Eligible own funds to SCR	**R0620**	113,82%				
Ratio of Eligible own funds to MCR	**R0640**	245,96%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	409.901.848,30
Own shares (held directly and indirectly)	R0710	520,00
Foreseeable dividends, distributions and charges	R0720	
Other basic own fund items	R0730	90.498.908,41
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	**R0760**	319.402.419,89
Expected profits		
Expected profits included in future premiums (EPIFP) - Life Business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	
Total Expected profits included in future premiums (EPIFP)	**R0790**	

S.25.01.21- Solvency Capital Requirement for Companies that Use the Standard Formula

Solvency Capital Requirement - for undertakings on Standard Formula

Article 112	Z0010	2 - Regular reporting

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	C0040	C0050
Market risk	R0010	370.867.999,42	455.638.221,39	
Counterparty default risk	R0020	9.000.272,03	9.000.272,03	
Life underwriting risk	R0030	173.122.973,42	200.423.041,84	
Health underwriting risk	R0040			
Non-life underwriting risk	R0050			
Diversification	R0060	-103.384.126,83	-120.571.725,01	
Intangible asset risk	R0070			
Basic Solvency Capital Requirement	**R0100**	**449.607.118,03**	**544.489.810,24**	

Calculation of Solvency Capital Requirement

		C0100
Adjustment due to RFF/MAP nSCR aggregation	R0120	
Total capital requirement for operational risk	R0130	54.553.359,82
Loss-absorbing capacity of technical provisions	R0140	-94.882.692,21
Loss-absorbing capacity of deferred taxes	R0150	-101.033.759,76
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	**R0200**	**403.126.718,09**
Capital add-on already set	R0210	
Solvency capital requirement	**R0220**	**403.126.718,09**
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	R0450	1 - Full recalculation
Net future discretionary benefits	R0460	184.063.689,62

S.28.01.01 – Minimum Capital Requirement (MCR)

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

MCR calculation Life		Life activities			Factor
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk	Linear formula component for life insurance and reinsurance obligations - MCR calculation	α
		C0050	C0060		
Obligations with profit participation - guaranteed benefits	R0210	8.041.882.887,82		**297.549.666,85**	3,70%
Obligations with profit participation - future discretionary benefits	R0220	184.063.689,62		**-9.571.311,86**	-5,20%
Index-linked and unit-linked insurance obligations	R0230	6.367.651.993,06		**44.573.563,95**	0,70%
Other life (re)insurance and health (re)insurance obligations	R0240	7.380.978,81		**155.000,55**	2,10%
Total capital at risk for all life (re)insurance obligations	R0250		6.462.955.287,87	**4.524.068,70**	0,07%

		MCR components		
		Non-life activities	Life activities	Total
		C0010	C0040	
MCR_{NL} Result	R0010			
MCR_{L} Result	R0200		337.230.988,20	337.230.988,20

Overall MCR calculation			C0070	National supervisor requires standard formula reference SCR(Y/N)	
Linear MCR	R0300		**337.230.988,20**		
SCR	R0310		403.126.718,09	1	YES
MCR cap	R0320	45,00%	**181.407.023,14**		
MCR floor	R0330	25,00%	**100.781.679,52**		
Combined MCR	R0340		**181.407.023,14**		
Absolute floor of the MCR	R0350		3.200.000,00		
			C0070		
Minimum Capital Requirement	**R0400**		**181.407.023,14**		

ANNEX 3 –

EUROVITA HOLDING S.P.A.

EUROVITA S.P.A.

INDEPENDENT AUDITOR'S REPORTS

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Relazione della società di revisione indipendente ai sensi dell'art. 47-septies, comma 7, del D.Lgs. 7 settembre 2005, n. 209 e dell'art. 5, comma 1, lettere a) e b), del Regolamento IVASS n. 42 del 2 agosto 2018

Al Consiglio di Amministrazione di Eurovita Holding S.p.A.

Giudizio

Abbiamo svolto la revisione contabile dei seguenti elementi della Relazione sulla Solvibilità e sulla Condizione Finanziaria (la "SFCR") del Gruppo Eurovita (nel seguito anche il "Gruppo") per l'esercizio chiuso al 31 dicembre 2018, predisposta ai sensi dell'art. 47-septies del D.Lgs. 7 settembre 2005, n. 209 e avvalendosi della facoltà prevista dal combinato disposto dell'art. 216-novies del D.Lgs. 209/2005 e dell'art. 36, comma 1 del Regolamento IVASS n.33/2016:

— modelli "S.02.01.02 Stato Patrimoniale" e "S.23.01.22 Fondi propri" del Gruppo Eurovita (i "modelli di MVBS e OF");

— sezioni "D. Valutazione a fini di solvibilità" e "E.1. Fondi propri" riferite al Gruppo Eurovita (l'"informativa").

Le nostre attività non hanno riguardato:

— le componenti delle riserve tecniche relative al margine di rischio (voci R0550, R0590, R0640, R0680 e R0720) del modello "S.02.01.02 Stato Patrimoniale";

— il Requisito patrimoniale di solvibilità (voce R0680) e il Requisito patrimoniale minimo (voce R0610) del modello "S.23.01.22 Fondi propri",

che pertanto sono esclusi dal nostro giudizio.

I modelli e l'informativa, con le esclusioni sopra riportate, costituiscono nel loro insieme "i modelli di MVBS e OF e la relativa informativa".

A nostro giudizio, i modelli di MVBS e OF e la relativa informativa relativi al Gruppo Eurovita e inclusi nella SFCR del Gruppo Eurovita per l'esercizio chiuso al 31 dicembre 2018, sono stati redatti, in tutti gli aspetti significativi, in conformità alle disposizioni dell'Unione Europea direttamente applicabili e alla normativa nazionale di settore.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISAs). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nel paragrafo "*Responsabilità della società di revisione per la revisione contabile dei modelli di MVBS e OF e della relativa informativa*" della presente relazione. Siamo indipendenti rispetto a Eurovita S.p.A. (la "Capogruppo" o la "Società") in conformità alle norme e ai principi in materia di etica e di indipendenza del Code of Ethics for Professional Accountants (IESBA Code) emesso dall'International Ethics Standards Board for Accountants applicabili alla revisione contabile dei modelli di MVBS e OF e della relativa informativa. Riteniamo di aver acquisito elementi probativi sufficienti e appropriati su cui basare il nostro giudizio.

Richiamo di informativa - Criteri di redazione, finalità e limitazione all'utilizzo

Richiamiamo l'attenzione alla sezione "D. Valutazione a fini di solvibilità" che descrive i criteri di redazione. I modelli di MVBS e OF e la relativa informativa sono stati redatti, per le finalità di vigilanza sulla solvibilità, in conformità alle disposizioni dell'Unione Europea direttamente applicabili e alla normativa nazionale di settore, che costituisce un quadro normativo con scopi specifici. Di conseguenza possono non essere adatti per altri scopi. Il nostro giudizio non è espresso con rilievi con riferimento a tale aspetto.

Altri aspetti

La Società ha redatto il bilancio consolidato al 31 dicembre 2018 in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché al Regolamento emanato in attuazione dell'art. 90 del D.Lgs. 7 settembre 2005, n. 209 che ne disciplinano i criteri di redazione, che è stato da noi assoggettato a revisione contabile a seguito della quale abbiamo emesso la nostra relazione di revisione datata 15 aprile 2019.

La Società ha redatto il modello "S.25.01.22 Requisito patrimoniale di solvibilità per i gruppi che utilizzano la formula standard" e la relativa informativa presentata nella sezione "E.2. Requisito patrimoniale di solvibilità e requisito patrimoniale minimo" dell'allegata SFCR in conformità alle disposizioni dell'Unione Europea direttamente applicabili e alla normativa nazionale di settore, che sono stati da noi assoggettati a revisione contabile limitata, secondo quanto previsto dall'art. 4, comma 1, lettera c), del Regolamento IVASS n. 42 del 2 agosto 2018, a seguito della quale abbiamo emesso in data odierna una relazione di revisione limitata allegata alla SFCR.

Altre informazioni contenute nella SFCR

Gli Amministratori sono responsabili per la redazione delle altre informazioni contenute nella SFCR in conformità alle norme che ne disciplinano i criteri di redazione.

Le altre informazioni della SFCR sono costituite da:

— i modelli "S.05.01.02 Premi, sinistri e spese per area di attività", "S.22.01.22 Impatto delle misure di garanzia a lungo termine e delle misure transitorie",S.25.01.22 Requisito patrimoniale di solvibilità per i gruppi che utilizzano la formula standard", "S.32.01.22 Imprese incluse nell'ambito del gruppo";

— le sezioni "A. Attività e risultati", "B. Sistema di governance", "C. Profilo di rischio", "E.2. Requisito patrimoniale di solvibilità e requisito patrimoniale minimo", "E.3. Utilizzo del sottomodulo del rischio azionario basato sulla durata nel calcolo del requisito patrimoniale di solvibilità", "E.4. Differenze tra la formula standard e il modello interno utilizzato", "E.5. Inosservanza del Requisito patrimoniale minimo e inosservanza del requisito patrimoniale di solvibilità" e "E.6. Altre informazioni".

Il nostro giudizio sui modelli di MVBS e OF e sulla relativa informativa non si estende a tali altre informazioni.

Con riferimento alla revisione contabile dei modelli di MVBS e OF e della relativa informativa, la nostra responsabilità è svolgere una lettura critica delle altre informazioni e, nel fare ciò, considerare se le medesime siano significativamente incoerenti con i modelli di MVBS e OF e la relativa informativa o con le nostre conoscenze acquisite durante la revisione o comunque possano essere significativamente errate. Laddove identifichiamo possibili incoerenze o errori significativi, siamo tenuti a determinare se vi sia un errore significativo nei modelli di MVBS e OF e nella relativa informativa o nelle altre informazioni. Se, in base al lavoro svolto, concludiamo che esista un errore significativo, siamo tenuti a segnalare tale circostanza. A questo riguardo, non abbiamo nulla da riportare.

Responsabilità degli Amministratori e del Collegio Sindacale di Eurovita Holding S.p.A. per i modelli di MVBS e OF e la relativa informativa

Gli Amministratori sono responsabili per la redazione dei modelli di MVBS e OF e della relativa informativa in conformità alle norme che ne disciplinano i criteri di redazione e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione dei modelli di MVBS e OF e della relativa informativa che non contengano errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità del Gruppo di continuare a operare come un'entità in funzionamento e, nella redazione dei modelli di MVBS e OF e della relativa informativa, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione dei modelli di MVBS e OF e della relativa informativa a meno che abbiano valutato che sussistono le condizioni per la liquidazione della capogruppo Eurovita Holding S.p.A. o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria del Gruppo.

Responsabilità della società di revisione per la revisione contabile dei modelli di MVBS e OF e della relativa informativa

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che i modelli di MVBS e OF e la relativa informativa, nel loro complesso, non contengano errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISAs) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche degli utilizzatori prese sulla base dei modelli di MVBS e OF e della relativa informativa.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISAs), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

— abbiamo identificato e valutato i rischi di errori significativi nei modelli di MVBS e OF e nella relativa informativa, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti e appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;

— abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile dei modelli di MVBS e OF e della relativa informativa allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno del Gruppo;

— abbiamo valutato l'appropriatezza dei criteri di redazione utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori e della relativa informativa;

— siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di un'incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità del Gruppo di continuare a operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Capogruppo cessi di operare come un'entità in funzionamento.

Abbiamo comunicato ai responsabili delle attività di *governance*, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Milano, 3 giugno 2019

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Relazione di revisione contabile limitata della società di revisione indipendente ai sensi dell'art. 47-septies, comma 7, del D.Lgs. 7 settembre 2005, n. 209 e dell'art. 5, comma 1, lettera c), del Regolamento IVASS n. 42 del 2 agosto 2018

*Al Consiglio di Amministrazione di
Eurovita Holding S.p.A.*

Introduzione

Abbiamo svolto la revisione contabile limitata dell'allegato modello "S.25.01.22 Requisito patrimoniale di solvibilità per i gruppi che utilizzano la formula standard" (il "modello di SCR e MCR") del Gruppo Eurovita (nel seguito anche il "Gruppo") e dell'informativa presentata nella sezione "E.2. Requisito patrimoniale di solvibilità e requisito patrimoniale minimo" (l'"informativa"), riferita al Gruppo Eurovita, dell'allegata Relazione sulla Solvibilità e sulla Condizione Finanziaria ("SFCR") del Gruppo Eurovita per l'esercizio chiuso al 31 dicembre 2018, predisposta ai sensi dell'art. 47-septies del D.Lgs. 7 settembre 2005, n. 209 e avvalendosi della facoltà prevista dal combinato disposto dell'art. 216-novies del D.Lgs. 209/2005 e dell'art. 36, comma 1 del Regolamento IVASS n.33/2016.

Il modello di SCR e MCR e la relativa informativa sono stati redatti dagli Amministratori sulla base delle disposizioni dell'Unione Europea direttamente applicabili e della normativa nazionale di settore.

Responsabilità degli Amministratori

Gli Amministratori sono responsabili per la redazione del modello di SCR e MCR e della relativa informativa in conformità alle disposizioni dell'Unione Europea direttamente applicabili e alla normativa nazionale di settore e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione del modello di SCR e MCR e della relativa informativa che non contengano errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali.

Responsabilità del revisore

E' nostra la responsabilità di esprimere una conclusione sul modello di SCR e MCR e sulla relativa informativa. Abbiamo svolto la revisione contabile limitata in conformità al

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principio internazionale sugli incarichi di revisione limitata _(ISRE) n. 2400 (Revised), Incarichi per la revisione contabile limitata dell'informativa finanziaria storica_. Il principio _ISRE 2400 (Revised)_ ci richiede di giungere a una conclusione sul fatto se siano pervenuti alla nostra attenzione elementi che ci facciano ritenere che il modello di SCR e MCR e la relativa informativa non siano redatti, in tutti gli aspetti significativi, in conformità alle disposizioni dell'Unione Europea direttamente applicabili e alla normativa nazionale di settore. Tale principio ci richiede altresì di conformarci ai principi etici applicabili.

La revisione contabile limitata del modello di SCR e MCR e della relativa informativa conforme al principio _ISRE 2400 (Revised)_ è un incarico di assurance limitata. Il revisore svolge procedure che consistono principalmente nell'effettuare indagini presso la direzione e altri soggetti nell'ambito dell'impresa, come appropriato, e procedure di analisi comparativa, e valuta le evidenze acquisite.

Inoltre, come previsto dall'art. 14 del Regolamento IVASS n. 42 del 2 agosto 2018, con riguardo alle informazioni relative ad entità non regolamentate ricomprese nel perimetro del Gruppo, le nostre attività di revisione si sono limitate a verificare la loro inclusione in base ai valori determinati ai sensi delle disposizioni del D.Lgs. 7 settembre 2005, n. 209, delle relative disposizioni di attuazione e delle previsioni dell'Unione Europea direttamente applicabili.

Le procedure svolte in una revisione contabile limitata sono sostanzialmente minori rispetto a quelle svolte in una revisione contabile completa conforme ai principi di revisione internazionali (ISAs). Pertanto non esprimiamo un giudizio di revisione sul modello di SCR e MCR e sulla relativa informativa.

Conclusione

Sulla base della revisione contabile limitata, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che l'allegato modello di SCR e MCR e la relativa informativa relativi al Gruppo Eurovita e inclusi nella SFCR del Gruppo Eurovita per l'esercizio chiuso al 31 dicembre 2018, non siano stati redatti, in tutti gli aspetti significativi, in conformità alle disposizioni dell'Unione Europea direttamente applicabili e alla normativa nazionale di settore.

Criteri di redazione, finalità e limitazione all'utilizzo

Senza esprimere la nostra conclusione con modifica, richiamiamo l'attenzione alla sezione "E2. Requisito patrimoniale di solvibilità e requisito patrimoniale minimo" della SFCR che descrive i criteri di redazione del modello di SCR e MCR. Il modello di SCR e MCR e la relativa informativa sono stati redatti, per le finalità di vigilanza sulla solvibilità, in conformità alle disposizioni dell'Unione Europea direttamente applicabili e alla normativa nazionale di settore. Di conseguenza possono non essere adatti per altri scopi.

Milano, 3 giugno 2019

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Relazione della società di revisione indipendente ai sensi dell'art. 47-septies, comma 7, del D.Lgs. 7 settembre 2005, n. 209 e dell'art. 4, comma 1, lettere a) e b), del Regolamento IVASS n. 42 del 2 agosto 2018

Al Consiglio di Amministrazione di
Eurovita S.p.A.

Giudizio

Abbiamo svolto la revisione contabile dei seguenti elementi della Relazione sulla Solvibilità e sulla Condizione Finanziaria (la "SFCR") del Gruppo Eurovita (nel seguito anche il "Gruppo") per l'esercizio chiuso al 31 dicembre 2018, predisposta ai sensi dell'art. 47-septies del D.Lgs. 7 settembre 2005, n. 209 e avvalendosi della facoltà prevista dal combinato disposto dell'art. 216-novies del D.Lgs. 209/2005 e dell'art. 36, comma 1 del Regolamento IVASS n.33/2016:

— modelli "S.02.01.02 Stato Patrimoniale" e "S.23.01.01 Fondi propri" di Eurovita S.p.A. (nel seguito anche "la Società"), (i "modelli di MVBS e OF");

— sezioni "D. Valutazione a fini di solvibilità" e "E.1. Fondi propri" riferite a Eurovita S.p.A. (l'"informativa").

Le nostre attività non hanno riguardato:

— le componenti delle riserve tecniche relative al margine di rischio (voci R0550, R0590, R0640, R0680 e R0720) del modello "S.02.01.02 Stato Patrimoniale";

— il Requisito patrimoniale di solvibilità (voce R0580) e il Requisito patrimoniale minimo (voce R0600) del modello "S.23.01.01 Fondi propri",

che pertanto sono esclusi dal nostro giudizio.

I modelli e l'informativa, con le esclusioni sopra riportate, costituiscono nel loro insieme "i modelli di MVBS e OF e la relativa informativa".

A nostro giudizio, i modelli di MVBS e OF e la relativa informativa relativi a Eurovita S.p.A. e inclusi nella SFCR del Gruppo Eurovita per l'esercizio chiuso al 31 dicembre 2018, sono stati redatti, in tutti gli aspetti significativi, in conformità alle disposizioni dell'Unione Europea direttamente applicabili e alla normativa nazionale di settore.

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Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISAs). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nel paragrafo "*Responsabilità della società di revisione per la revisione contabile dei modelli di MVBS e OF e della relativa informativa*" della presente relazione. Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza del Code of Ethics for Professional Accountants (IESBA Code) emesso dall'International Ethics Standards Board for Accountants applicabili alla revisione contabile dei modelli di MVBS e OF e della relativa informativa. Riteniamo di aver acquisito elementi probativi sufficienti e appropriati su cui basare il nostro giudizio.

Richiamo di informativa - Criteri di redazione, finalità e limitazione all'utilizzo

Richiamiamo l'attenzione alla sezione "D. Valutazione a fini di solvibilità" che descrive i criteri di redazione. I modelli di MVBS e OF e la relativa informativa sono stati redatti, per le finalità di vigilanza sulla solvibilità, in conformità alle disposizioni dell'Unione Europea direttamente applicabili e alla normativa nazionale di settore, che costituisce un quadro normativo con scopi specifici. Di conseguenza possono non essere adatti per altri scopi. Il nostro giudizio non è espresso con rilievi con riferimento a tale aspetto.

Altri aspetti

La Società ha redatto il bilancio d'esercizio al 31 dicembre 2018 in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché al Regolamento emanato in attuazione dell'art. 90 del D.Lgs. 7 settembre 2005, n. 209 che ne disciplinano i criteri di redazione, che è stato da noi assoggettato a revisione contabile a seguito della quale abbiamo emesso la nostra relazione di revisione datata 15 aprile 2019.

La Società ha redatto i modelli "S.25.01.21 Requisito patrimoniale di solvibilità per le imprese che utilizzano la formula standard" e "S.28.01.01 Requisito patrimoniale minimo - Solo attività di assicurazione o di riassicurazione vita o solo attività di assicurazione o riassicurazione non vita" e la relativa informativa presentata nella sezione "E.2. Requisito patrimoniale di solvibilità e requisito patrimoniale minimo" dell'allegata SFCR in conformità alle disposizioni dell'Unione Europea direttamente applicabili e alla normativa nazionale di settore, che sono stati da noi assoggettati a revisione contabile limitata, secondo quanto previsto dall'art. 4, comma 1, lettera c), del Regolamento IVASS n. 42 del 2 agosto 2018, a seguito della quale abbiamo emesso in data odierna una relazione di revisione limitata allegata alla SFCR.

Altre informazioni contenute nella SFCR

Gli Amministratori sono responsabili per la redazione delle altre informazioni contenute nella SFCR in conformità alle norme che ne disciplinano i criteri di redazione.

Le altre informazioni della SFCR sono costituite da:

— i modelli "S.05.01.02 Premi, sinistri e spese per area di attività", "S.12.01.02 Riserve tecniche per l'assicurazione vita e l'assicurazione malattia SLT", "S.22.01.21 Impatto delle misure di garanzia a lungo termine e delle misure transitorie", S.25.01.21 Requisito patrimoniale di solvibilità per le imprese che utilizzano la formula standard" e "S.28.01.01 Requisito patrimoniale minimo - Solo attività di assicurazione o di riassicurazione vita o solo attività di assicurazione o riassicurazione non vita";

— le sezioni "A. Attività e risultati", "B. Sistema di governance", "C. Profilo di rischio", "E.2. Requisito patrimoniale di solvibilità e requisito patrimoniale minimo", "E.3. Utilizzo del sottomodulo del rischio azionario basato sulla durata nel calcolo del requisito patrimoniale di solvibilità", "E.4. Differenze tra la formula standard e il modello interno utilizzato", "E.5. Inosservanza del Requisito patrimoniale minimo e inosservanza del requisito patrimoniale di solvibilità" e "E.6. Altre informazioni".

Il nostro giudizio sui modelli di MVBS e OF e sulla relativa informativa non si estende a tali altre informazioni.

Con riferimento alla revisione contabile dei modelli di MVBS e OF e della relativa informativa, la nostra responsabilità è svolgere una lettura critica delle altre informazioni e, nel fare ciò, considerare se le medesime siano significativamente incoerenti con i modelli di MVBS e OF e la relativa informativa o con le nostre conoscenze acquisite durante la revisione o comunque possano essere significativamente errate. Laddove identifichiamo possibili incoerenze o errori significativi, siamo tenuti a determinare se vi sia un errore significativo nei modelli di MVBS e OF e nella relativa informativa o nelle altre informazioni. Se, in base al lavoro svolto, concludiamo che esista un errore significativo, siamo tenuti a segnalare tale circostanza. A questo riguardo, non abbiamo nulla da riportare.

Responsabilità degli Amministratori e del Collegio Sindacale di Eurovita S.p.A. per i modelli di MVBS e OF e la relativa informativa

Gli Amministratori sono responsabili per la redazione dei modelli di MVBS e OF e della relativa informativa in conformità alle norme che ne disciplinano i criteri di redazione e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione dei modelli di MVBS e OF e della relativa informativa che non contengano errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità della Società di continuare a operare come un'entità in funzionamento e, nella redazione dei modelli di MVBS e OF e della relativa informativa, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione dei modelli di MVBS e OF e della relativa informativa a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile dei modelli di MVBS e OF e della relativa informativa

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che i modelli di MVBS e OF e la relativa informativa, nel loro complesso, non contengano errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISAs) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche degli utilizzatori prese sulla base dei modelli di MVBS e OF e della relativa informativa.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISAs), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

— abbiamo identificato e valutato i rischi di errori significativi nei modelli di MVBS e OF e nella relativa informativa, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti e appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;

— abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile dei modelli di MVBS e OF e della relativa informativa allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;

— abbiamo valutato l'appropriatezza dei criteri di redazione utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori e della relativa informativa;

— siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di un'incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare a operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento.

Abbiamo comunicato ai responsabili delle attività di *governance*, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Milano, 3 giugno 2019

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Relazione di revisione contabile limitata della società di revisione indipendente ai sensi dell'art. 47-septies, comma 7, del D.Lgs. 7 settembre 2005, n. 209 e dell'art. 4, comma 1, lettera c), del Regolamento IVASS n. 42 del 2 agosto 2018

Al Consiglio di Amministrazione di
Eurovita S.p.A.

Introduzione

Abbiamo svolto la revisione contabile limitata degli allegati modelli "S.25.01.21 Requisito patrimoniale di solvibilità per le imprese che utilizzano la formula standard" e "S.28.01.01 Requisito patrimoniale minimo - Solo attività di assicurazione o di riassicurazione vita o solo attività di assicurazione o riassicurazione non vita" (i "modelli di SCR e MCR") di Eurovita S.p.A. (nel seguito anche "la Società") e dell'informativa presentata nella sezione "E.2. Requisito patrimoniale di solvibilità e requisito patrimoniale minimo" (l'"informativa" o la "relativa informativa"), riferita a Eurovita S.p.A., dell'allegata Relazione sulla Solvibilità e sulla Condizione Finanziaria ("SFCR") del Gruppo Eurovita (nel seguito anche il "Gruppo") per l'esercizio chiuso al 31 dicembre 2018, predisposta ai sensi dell'art. 47-septies del D.Lgs. 7 settembre 2005, n. 209 e avvalendosi della facoltà prevista dal combinato disposto dell'art. 216-novies del D.Lgs. 209/2005 e dell'art. 36, comma 1 del Regolamento IVASS n.33/2016.

I modelli di SCR e MCR e la relativa informativa sono stati redatti dagli Amministratori sulla base delle disposizioni dell'Unione Europea direttamente applicabili e della normativa nazionale di settore.

Responsabilità degli Amministratori

Gli Amministratori sono responsabili per la redazione dei modelli di SCR e MCR e della relativa informativa in conformità alle disposizioni dell'Unione Europea direttamente applicabili e alla normativa nazionale di settore e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione dei modelli di SCR e MCR e della relativa informativa che non contengano errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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Responsabilità del revisore

E' nostra la responsabilità di esprimere una conclusione sui modelli di SCR e MCR e sulla relativa informativa. Abbiamo svolto la revisione contabile limitata in conformità al principio internazionale sugli incarichi di revisione limitata _(ISRE) n. 2400 (Revised), Incarichi per la revisione contabile limitata dell'informativa finanziaria storica_. Il principio _ISRE 2400 (Revised)_ ci richiede di giungere a una conclusione sul fatto se siano pervenuti alla nostra attenzione elementi che ci facciano ritenere che i modelli di SCR e MCR e la relativa informativa non siano redatti, in tutti gli aspetti significativi, in conformità alle disposizioni dell'Unione Europea direttamente applicabili e alla normativa nazionale di settore. Tale principio ci richiede altresì di conformarci ai principi etici applicabili.

La revisione contabile limitata dei modelli di SCR e MCR e della relativa informativa conforme al principio _ISRE 2400 (Revised)_ è un incarico di assurance limitata. Il revisore svolge procedure che consistono principalmente nell'effettuare indagini presso la direzione e altri soggetti nell'ambito dell'impresa, come appropriato, e procedure di analisi comparativa, e valuta le evidenze acquisite.

Le procedure svolte in una revisione contabile limitata sono sostanzialmente minori rispetto a quelle svolte in una revisione contabile completa conforme ai principi di revisione internazionali (ISAs). Pertanto non esprimiamo un giudizio di revisione sui modelli di SCR e MCR e sulla relativa informativa.

Conclusione

Sulla base della revisione contabile limitata, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che gli allegati modelli di SCR e MCR e la relativa informativa relativi a Eurovita S.p.A. e inclusi nella SFCR del Gruppo Eurovita per l'esercizio chiuso al 31 dicembre 2018, non siano stati redatti, in tutti gli aspetti significativi, in conformità alle disposizioni dell'Unione Europea direttamente applicabili e alla normativa nazionale di settore.

Criteri di redazione, finalità e limitazione all'utilizzo

Senza esprimere la nostra conclusione con modifica, richiamiamo l'attenzione alla sezione "E2. Requisito patrimoniale di solvibilità e requisito patrimoniale minimo" della SFCR che descrive i criteri di redazione dei modelli di SCR e MCR. I modelli di SCR e MCR e la relativa informativa sono stati redatti, per le finalità di vigilanza sulla solvibilità, in conformità alle disposizioni dell'Unione Europea direttamente applicabili e alla normativa nazionale di settore. Di conseguenza possono non essere adatti per altri scopi.

Milano, 3 giugno 2019

KPMG S.p.A.

Paolo Colciago
Socio