EUROVITA HOLDING

CONSOLIDATED FINANCIAL STATEMENTS 2019

Eurovita Holding S.p.A.

Registered Address and Headquarters:
20123 Milan, Italy
Via Pampuri, 13

Fully paid-in share capital € 1,000,000

TABLE OF CONTENTS

Report on Operations	Report on Operations	5
	1. Introduction	7
	2. Overview of the Economic Situation	9
	3. Situation of the Italian Insurance Market – Life Business	10
	4. The Group's Performance	12
	4.1 General Performance	12
	4.1.1 Main Subsidiaries	14
	4.2 Transactions with Group Companies	16
	4.3 Other Information	18
	4.4 Exposure to Risks	22
	4.5 Business Outlook	22
	4.6 Significant Events after the End of the Financial Year	22
Financial Statements	Balance Sheet	26
	Income Statement and Statement of Comprehensive Income	28
	Statement of Changes in Shareholders' Equity	30
	Cash Flow Statement	31
Explanatory Notes	Explanatory Notes	33
Annexes	Annexes	113

EUROVITA HOLDING

REPORT ON OPERATIONS

Shareholders,

The financial statements at 31 December 2019 of the Eurovita Holding S.p.A. Group, which we submit for your approval, show a Group profit of €87.4 million, compared to a profit of €12.7 million for the Group in the previous financial year. This improvement is mainly due to the recognition of a so-called "good business deal" of €85.0 million, recognized under the item "other revenues" following the Purchase Price Allocation process ("PPA") required by IFRS 3.

The most significant data that emerge from the end of financial year 2019 are shown in the following table:

(amounts in Euro thousand)

	31 December 2019	31 December 2018
Gross earned premiums	2.003,7	1.252,2
Acquisition costs and admin. exp.	62,4	66,8
Net insurance benefits and claims	2.020,2	1.157,5
Gross earned premiums pertaining to the Life segment	2.003,7	1.252,2
Acquisition costs and admin. exp. - Life	62,4	66,8
Impact on premiums	3,1%	5,3%
Total financial income	214,8	80,0
Total financial charges	54,0	75,1
Investments	19.297,8	16.297,0
Capital and reserves of the Group (net Profit of the Year)	523,8	341,2
Net profit for the Group	87,4	12,7
Number of employees*	324	223

* data at 31 december 2019 include also Pramerica Life employees

1. Introduction

In June 2016, Cinven took control of the Ergo Italia Group, subsequently changing its name to Gruppo Assicurativo Flavia. All the companies belonging to the Group were subject to management and control by the Parent Company Phlavia Investimenti S.p.A., which took on the role of ultimate Italian parent company, pursuant to Article 20-*ter* of the Private Insurance Code. With effect from 1 January 2018, Phlavia Investimenti S.p.A. (now Eurovita Holding S.p.A.) acquired the investee company Ergo Italia S.p.A.

During 2017, the subsidiary Ergo Previdenza S.p.A. (hereinafter also "Ergo Previdenza") carried out two acquisitions. On 9 January 2017, subject to I.V.A.S.S. authorization by Measure No. 0228541/16 of 7 December 2016, Ergo Previdenza completed the acquisition of the entire share capital of Old Mutual Wealth Italy S.p.A. (hereinafter also referred to as "Old Mutual" or "OMWI"), while on 11 August 2017, subject to I.V.A.S.S. authorization issued by Measure No. 0150511/17 of 3 August 2017, it finalized the acquisition of the share capital of Eurovita Assicurazioni S.p.A. (hereinafter also "EVA"). Following authorization by I.V.A.S.S., the merger of Old Mutual Wealth Italy and Eurovita Assicurazioni into Ergo Previdenza became effective on 31 December 2017.

On 31 December 2017, Phlavia Investimenti S.p.A. changed its business name to Eurovita Holding S.p.A. Accordingly, the business names of all the other subsidiaries were changed as follows:

- from ERGO Previdenza S.p.A. to Eurovita S.p.A.;
- from ERGO Italia Direct Network S.r.l. to Agenzia Eurovita S.r.l.;
- from ERGO Italia Business Solutions S.c.r.l. to Eurovita Service S.c.r.l.

On 20 June 2018, the company Eurovita Holding S.p.A acquired the equity investments that Agenzia Eurovita S.r.l and Eurovita S.p.A held in Eurovita Service S.c.r.l. (respectively 0.52% and 6.21%) with the aim of allowing Eurovita Holding S.p.A. to hold the entire equity of the former consortium company and subsequently proceed with the merger. This transaction took place on 20 November 2018, with retrospective accounting and tax effects as from 1 January 2018, with the aim of simplifying and streamlining the corporate chain.

On 18 December 2019, the subsidiary Eurovita S.p.A. completed the acquisition of the company Pramerica Life S.p.A. from the Prudential Group. This transaction, authorized by I.V.A.S.S. under Measure no. 0281247/19 of 10 December 2019, is part of the growth strategy implemented by the Group and confirms its desire to stand as the leader in the consolidation of the life insurance industry in Italy.

Comparative analysis of data with respect to the previous financial year

The comparative analysis of the income statement and balance sheet data for the year compared to that of the previous financial year is affected by the fact that, on 18 December 2019, Eurovita S.p.A. completed the acquisition of Compagnia Pramerica Life S.p.A. This transaction generated a so-called “good business deal” of €85.0 million, recognized under the item “Other revenues” in the Consolidated Financial Statements at 31 December 2019, following of the Purchase Price Allocation process (“PPA”) required by IFRS 3.

Under IFRS 3 - Business Combinations, the buyer must recognize assets acquired and liabilities assumed separately from goodwill and must classify or designate them according to contractual terms, financial conditions, operating or accounting principles and other relevant conditions in force at the acquisition date. The buyer must also measure and record the assets acquired and the liabilities assumed at their respective fair values at the acquisition date. IFRS 3 provides for a one-year measurement period during which on may, retrospectively from the acquisition date, adjust the initial provisional recognition of any assets acquired and liabilities assumed according to information made available over time concerning facts and circumstances in place at the acquisition date. Therefore, the consolidated financial statements at 31 December 2019 were prepared by noting the effects of the accounting allocation process carried out at the time of the acquisition of control of Pramerica Life S.p.A. by Eurovita S.p.A.

The amounts transferred at the acquisition date were paid in cash and were equal to the price paid by Eurovita S.p.A. for the acquisition of the shares of Pramerica Life S.p.A. (€28.8 million).

The acquired company, Pramerica Life S.p.A., contributed to the result for the year 2019, as reported above, for the amount of the so-called “good business deal” of €85.0 million. This amount was recognized under the item “Other revenues”.

The comparative analysis of balance sheet and income statement data for the year compared to those of the previous financial year is affected by the acquisition transaction described above.

To facilitate the comparative analysis of balance sheet and income statement data, information on changes resulting from the effect of this acquisition and other operating changes for the period compared to 31 December 2019 is provided separately in the comments and in the breakdown tables.

2. Overview of the Economic Situation

The risks to global growth remain tilted to the downside. International trade has returned to growth and there have been signs that the tariff disputes between the United States and China have eased, but the outlook remains uncertain and geopolitical tensions are on the increase. Less pessimistic growth expectations, buoyed by the accommodative stance of the central banks, have nonetheless driven up share prices and have facilitated a moderate recovery in long-term yields.

Economic activity in the euro area has been held back by the weakness of the manufacturing sector; particularly so in Germany despite a better-than-expected performance there in November. While growth in the service sector has been stronger up until now, there is the risk that it could also be affected. Developments in the economy have an impact on inflation, which according to Eurosystem projections is being sustained by monetary stimulus but is expected to remain below 2 per cent over the next three years. The ECB Governing Council has reaffirmed the need to maintain its current accommodative stance.

In Italy, based on the latest available data, economic activity in Italy, which expanded slightly in the third quarter of last year, remained more or less unchanged in the fourth quarter and continued to be affected above all by the weakness of the manufacturing sector. In the surveys conducted by I.S.T.A.T. and the Bank of Italy, firms have expressed slightly more favorable assessments of orders and foreign demand, but continue to view uncertainty and trade tensions as factors hindering their activity. Firms are planning to increase investment in 2020, albeit to a lesser extent than in the previous year.

In recent months, there has been substantial net foreign investment in Italian public securities (€90 billion between January and November 2019). The Bank of Italy’s negative balance on the TARGET2 European payment system has improved significantly, owing in part to the effect of the increase in net funding for Italian banks from abroad on the repo markets, facilitated by the introduction of the new remuneration system for banks’ reserves held with the Eurosystem. In 2019, the current account surplus remained large. Italy’s net international investment position is close to balance.

In the third quarter, the number of people in employment rose slightly, especially in the service sector; the data available point to an expansion in recent months as well. Contractual wage growth is positive (0.7 per cent year-on-year), although it is diminishing, reflecting the fact that significant sectors of the economy are still waiting for the renewal of collective bargaining agreements.

Inflation is low (0.5 per cent in December). The service sector is the biggest contributor to price growth, while growth in the prices of industrial goods remains modest. Core inflation strengthened slightly in the autumn, rising to 0.7 per cent. The latest business surveys registered a slight reduction in inflation expectations.

Italian government bond yields and Italian share prices have been rising since mid-October, reflecting a similar trend in other euro-area countries, as well as the publication of some better-than-expected economic data for the euro area. Average yields on bonds issued by Italian non-financial corporations and banks remained substantially unchanged at more than 70 basis points below the average levels recorded in the first half of 2019.

The cost of credit has fallen, considerably so for households, for whom growth in lending remains solid, while it is negative for firms. Based on the surveys, this mainly reflects weak demand for loans. According to the banks, the measures adopted in September by the ECB Governing Council will help bring about an improvement in credit conditions.

The preliminary data available for 2019 indicate a slight reduction in the ratio of general government net borrowing to GDP and an increase in the debt-to-GDP ratio. The budgetary provisions for the three years 2020-22, approved by Parliament last December, increase net borrowing by 0.7 percentage points of GDP on average per year compared with its current-legislation levels. After stabilizing in 2020, the Government's plans indicate that net borrowing and debt will decline in 2021 and 2022 as a percentage of GDP.

The central projection of GDP growth indicates an increase of 0.5 per cent in GDP this year, of 0.9 per cent in 2021 and of 1.1 per cent in 2022. Economic activity is expected to be supported both by the gradual upturn in world trade and by moderate growth in domestic demand. Despite being affected by persistent uncertainty, investment is likely to be boosted by the gradual improvement in the outlook for global demand and by expansionary financing conditions; the decline in sovereign spreads observed since the beginning of last June is expected to support investment by about 3.5 percentage points overall in the three years 2020-22. Inflation will rise gradually, by 0.7 per cent in the current year to 1.3 per cent in 2022, above all thanks to a recovery in wages and profit margins, which are expected to benefit from the improved cyclical situation.

Growth is predicted to be lower this year and essentially unchanged for 2021. The effects of the more pronounced weakness of the global economy are largely offset by those of the greater monetary stimulus and of lower risk premiums on Italian sovereign debt.

Growth is still exposed to considerable risks, linked to increasing geopolitical uncertainty, trade conflicts that have only been partly resolved and the weak economic performance of our main European partners. Any delay in implementing the large increases in planned public investment, which have been incorporated in the forecasting scenario, or a renewal of tensions on the financial markets, could lead to growth being lower than projected.

(*Source: Bank of Italy Economic Bulletin No. 1/2020*).

3. Situation of the Italian Insurance Market – Life Business

In 2019, new business of individual and collective life policies of Italian and non-EU companies, including additional single premiums, reached €90.1 billion in premiums, a further 5.4% growth compared to the previous year, when the increase was 3.8%. New premiums for individual policies alone amounted to €86.3 billion, 96% of total new business, a growth (up 4.8%) for the second consecutive year 3.5% compared to the previous financial year.

Considering new life premiums of the sample of EU companies, equal to €13.9 billion, a growth (up 1.2%) compared to 2018, new life business amounted in total to €104 billion, i.e. 4.8% more than the previous year.

Analyzing the trend by Class type, it should be noted that Class I maintained the leading role in the life segment in 2019, with an impact on total new business that rose to 69%, i.e. 4 percentage points more than in 2018. Against a premium amount of €62.6 billion, Class I reported an increase of 12.5% compared to the previous financial year, when growth had been 8.4%. However, this result was partly offset by lower funding in Class III, especially for individual policies in the first eight months of the year, reporting a drop of 11.3%, for a volume of new premiums of €23.7 billion. The impact of Class III on the entire new premium income fell to 26%, from 31% in 2018. With regard to Class V, in 2019 there was an increase (up 3.0% compared to 2018) in new premium income (€2.2 billion), due solely to the growth of individual policies, which offset the decline reported by collective policies. New business relating to the management of pension funds (Class VI) amounted to €1.5 billion in 2019, i.e. 70.5% higher than in 2018.

With regard to new life business by distribution channel, in relation to the activities of Italian and non-EU companies, two-thirds thereof was brokered through bank and post office branches, with a premium volume of €59.9 billion and an increase of 3.6% compared to 2018, due to the good performance of individual policies. On the other hand, the income performance of new policies through the channel of qualified financial advisers was negative. Against a premium amount of €12.2 billion, there was another contraction of 2.4% compared to 2018 and a market share that dropped by one point and stood at 14% of overall new business. The volume of new business distributed by the agents' channel in 2019 was €10.9 billion (12% of total new business), i.e. an increase of 18.9% compared to previous year, while the channel of directly operated agencies reported an annual increase of 27.1%, despite a more limited amount of new premiums of €6.0 billion (7% of the total).

Adding individual and collective policies of subsequent years, in relation to policies subscribed in previous years, to new business premiums, it is estimated that total life premiums (gross amounts) should reach approximately €106 billion in 2019, i.e. an increase of 4% compared to 2018. This result is, as already noted for new business in the current year, due to the increase (10%) of premium income relating to Class I, i.e. €73 billion (68% of total life premiums), only in part offset by the drop in Class III policies (unit-linked), which in 2019 should reach €28 billion (26% of total income), i.e. a drop of 6% compared to 2018.

New annual business by distribution channel

Italian and non-EU enterprises (Euro million)

(individual and collective)	2017		2018		2019	
DISTRIBUTION CHANNEL	**Premiums**	**17/16 (%) change**	**Premiums**	**18/17 (%) change**	**Premiums**	**19/18 (%) change**
Bank and post office branches	55.516	-7,5%	57.790	4,1%	**59.878**	**3,6%**
Agents	9.229	-3,8%	9.133	-1,0%	**10.856**	**18,9%**
Directly Operated Agencies	4.072	5,9%	4.702	15,5%	**5.976**	**27,1%**
Qualified Financial Advisers	12.848	1,4%	12.535	-2,4%	**12.235**	**-2,4%**
Other forms (including Brokers)	637	-6,3%	1.303	104,7%	**1.163**	**-10,7%**
Italian and non-EU enterprises	**82.302**	**-5,2%**	**85.462**	**3,8%**	**90.108**	**5,4%**

N.B.: Percentage changes are calculated with reference to figures in Euro thousand.

(*) This figure includes premiums earned in Italy by a sample group of representation in EU enterprises under freedom of establishment and freedom to provide services.

Breakdown of premiums by type and distribution channel

(individual and collective)		BREAKDOWN					
TYPE OF PREMIUMS	**No. of policies / adhesions**	**Bank and post office branches**	**Agents**	**Directly operated agencies**	**Qualified Financial Advisers**	**Other forms (including Brokers)**	**Total**
Annual	16,2%	0,3%	2,1%	1,7%	0,2%	0,9%	0,5%
Single	63,8%	95,1%	87,7%	87,6%	98,8%	82,1%	94,3%
Recurring	20,0%	4,6%	10,2%	10,7%	1,0%	17,0%	5,2%
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**

(Souce: ANIA – Trends - February 2020)

4. The Group's Performance

4.1 General Performance

As highlighted above, the Group reported a consolidated Group profit of €87.4 million, a growth compared to the Group's profit of €12.7 million in 2018. The improvement is mainly due to the above-mentioned acquisition of Pramerica Life S.p.A., which generated a "good business deal" calculated as the difference between the purchase price and the fair value of the assets and liabilities, i.e. approximately €85.0 million.

The 2019 result was also affected by the results obtained by the subsidiary companies as examined below: €31.7 million achieved by the company Eurovita S.p.A., affected by the partial charging through the Income Statement of the effects of the "PPA" of the former companies OMWI and EVA, €0.8 million achieved by Agenzia Eurovita, the gain of €28.7 million of Eurovita Holding (the result after write-ups of equity investments would be negative for €3.8 million) and by the negative effect of charging through the Income Statement the effects deriving from the adoption of the price allocation process for the acquisition of the former company Ergo Previdenza S.p.A. according to accounting standard IFRS 3 ("Purchase Price Allocation" or "PPA", for a total of €26.20 million).

With regard to capital management, the objectives of the company Eurovita Holding are, in summary, the following:

- ensure compliance with the Group's solvency requirements laid down by legislation governing the business sectors in which the investee companies operate and by the Group's Capital Management Policy;
- safeguard the Company's going-concern assumption and ability to develop business;
- continue to ensure an adequate return on capital to the shareholder;
- set adequate pricing policies that are proportional to the level of risk arising from the investee companies' activities.

The Board of Directors has the reasonable expectation that both the parent company and the other investee companies will continue their operations in the foreseeable future. The Company prepared the Financial Statements on a going-concern basis; please refer to paragraph "4.6 Significant Events after Year End" of this Report for further insights.

The investee insurance companies are subject to the supervision of the supervisory authority (I.V.A.S.S.) and meet the solvency requirements laid down in the relevant regulations.

Following the inspection reports served by I.V.A.S.S. on 20 February 2019, which represented the findings of the inspection conducted by the Authority in respect of the companies Eurovita S.p.A. and Eurovita Holding 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), on 30 November 2019, the Company sent a letter to I.V.A.S.S. informing the Supervisory Authority of its comprehensive execution of the Remedy Plan. The same had been sent on 21 April 2019 and set out the necessary actions to adapt the company's methodological system for the computation of its solvency to improved market practices. Specifying that many adjustments had already been made in the Annual 2018 Solvency II computation, we point out that in the Annual 2019 Solvency II computation the observations received will be fully implemented and managed in accordance with the provisions of the aforementioned Remedy Plan.

In order to strengthen its Solvency position, the Group and its subsidiary Eurovita S.p.A. blocked dividend pay-outs as per Capital Plan. Moreover, during the financial year the investee Eurovita S.p.A. received a transfer of own funds of €27.4 million from the parent company Eurovita Holding S.p.A. and issued a subordinated Tier-2 loan of €65 million on 28 June 2019. Thereafter, it supplemented the amount by a further €50 million on 21 February 2020.

Lastly, on 16 December 2019, the investee Eurovita S.p.A. received own funds of €30.3 million indirectly from the parent company Flavia Holdco Limited, through the parent company Eurovita Holding S.p.A., useful for the acquisition of Pramerica Life S.p.A. which took place on 18 December 2019 as detailed herein.

With reference to the penalty proceedings, currently concerning Eurovita S.p.A. only, on 10 January 2020 by Measure No. 5356/20, I.V.A.S.S. sent a final proposal for the preliminary investigation phase, imposing a penalty of €50 thousand for irregularities relating to the calculation of the Best Estimate Liabilities and a penalty of €50 thousand for irregularities concerning the methodological deficiencies in regard of the Solvency II process. Both penalties were reduced by one-third to take into account the corrective measures adopted, and therefore the overall penalty amounted to €67 thousand.

Based on the requirements of I.S.V.A.P. regulation No. 7/2007, the following is the mandatory information on compliance with Solvency Capital Requirements, in particular the amount of the Solvency Capital Requirement and the Minimum Capital Requirement, as well as the eligible amount of own funds to cover the aforementioned requirements classified by levels:

(amounts in Euro thousand)

Group's available own funds eligible to cover SCR	Own funds available	Eligibility adjustments	Own funds eligible
Tier 1 unrestricted	451.766.710	-	451.766.710
Tier 1 restricted	116.701.527	-3.759.849	112.941.678
Tier 2	114.524.385	3.759.849	118.284.235
Tier 3	-	-	-
Total OF	**682.992.623**	**-**	**682.992.623**
Total SCR			**522.459.795**
Surplus (shortage)			**160.532.828**

(amounts in Euro thousand)

Group's available own funds to cover MCR	Fondi propri disponibili ("available")	Rettifiche per ammissibilità	Fondi propri ammissibili ("eligible")
Tier 1 unrestricted	451.766.710	-	451.766.710
Tier 1 restricted	116.701.527	-3.759.849	112.941.678
Tier 2	114.524.385	-64.093.914	50.430.471
Tier 3	-	-	-
Total OF	**682.992.623**	**-67.853.764**	**615.138.859**
Total MCR			**252.152.355**
Surplus (shortage)			**362.986.504**

The data reported in the above tables, which show a Group solvency ratio of 131%, do not reflect the benefit of the additional amount of subordinated loans totaling €50 million in the month of February 2020, whose objective is to achieve the Solvency levels (SCR of 150%) set in the Risk Appetite Framework as agreed with the Supervisory Authority.

The Parent Company continued its coordination work and support for all Group companies. With regard to the risks to which the Group is exposed, please refer to the specific section of the Explanatory Notes.

The following is an analysis of the results that were determined by adopting the IAS / IFRS international accounting standards.

4.1.1 - Main Subsidiaries

The most significant data regarding the companies included within the Group's consolidation scope are shown below:

The financial statements of Eurovita S.p.A. at 31 December 2019 show a net profit of €31.7 million, compared to a profit of €30.9 million achieved at the end of financial year 2018.

The substantial equivalence of the result is essentially attributable to better premium income, improved financial income, and contraction of overhead costs: however, the increase in claims costs and a higher tax burden offset these effects.

The most significant data emerging at the end of financial year 2019 may be summarized below:

- premium income, for products classified as insurance contracts or as investment contracts with profit sharing, amounted to €2,003.7 million;

  New business, amounting to €1,843.1 million, shows an increase of 74.56% compared to the previous financial year, originating from a growth in single premiums, which amounted to €809.9 million, partially offset by reduced annual premiums amounting to €22.5 million;
- Premium income from financial products, classified under IAS 39 in accordance with IAS / IFRS standards, was €485.6 million, compared to €640.8 million in 2018, down by over €155.2 million;

- During 2019, indirect business, concentrated on run-off treaties with Spanish and Belgian companies of the ERGO Group, brought business for €5.2 million in premiums, compared to €5.9 million collected in the previous financial year, i.e. a decrease of 11%;

- premiums ceded decreased by 44.4% due to the decrease in premiums of subsequent years sold under treaties relating to business before 2001 originating from the network of the former company Ergo Previdenza (ceded premiums of €29.6 million against €53.2 million in the previous financial year);

- Income from investments, after the related charges (excluding interest expense on reinsurers' accounts) amounted to €238.9 million against a 2018 gain of €267.2 million (before the PPA effect). It should be remembered that the volatility of the investment portfolio caused by the adoption of IAS / IFRS accounting standards for its measurement (although presented in the income statement in a limited manner given the classification of the securities portfolio in the Available-for-sale segment) was not reflected in the returns of Separate Management Funds, which, together with combined products and associated provisions, were measured by only taking into account realized capital gains or losses. Accordingly, they were not directly affected by the market rate trend but by the returns of the underlying assets. The Group is however aware of the uncertainty of net unrealized capital gains in its investment portfolio and monitors the performance of the financial markets. It is believed that the volatility inherent in the fair value measurement of assets does not currently require activities other than the operations carried out on the markets themselves and hedging put in place as specified below.

Gross technical provisions, also considering the calculation of provisions using shadow accounting, recorded an increase, going from €9,795 million to €10,873 million. It should also be noted that, as a result of the merger, which took place in 2017, technical provisions include a negative Value in Force of €170,073 thousand relating to the former company Eurovita Assicurazioni. This value was amortized in line with the deterioration of the underlying separate management portfolio.

Operating expenses decreased by 8.8%, going from €79.6 million at the end of 2018 to €72.6 million at the end of the current financial year. Overhead costs, including amortization of intangible fixed assets, decreased compared to the same period of the previous year. Such decrease is mainly due to lower personnel costs of €9.6 million, related to the lower average number of resources employed, lower IT costs of €0.5 million and lower rental costs of €0.9 million (linked to the termination of the rental contract for the premises in Rome).

During the year, a total of €1.7 million were paid out for redundancy incentives and solidarity contributions, fully covered by specific provisions for risks.

Acquisition Commissions and Other Acquisition Costs (which include Purchase Commissions, Collection Commissions, Rappels and other Incentives to the sales network), after acquisition commissions received from Reinsurers (equal to €6.9 million) and portfolio Maintenance Fee (€112.6 million), amounted to €37.1 million, compared to €41.6 million recorded in 2018 (down 10.9%). Such decrease, against improved new business, is related both to a different mix of new products marketed (greater focus on single premiums sold by the banking channel with a lower acquisition commission) and to the reduction in premiums of subsequent years with a consequent reduction of collection commissions.

The change in the Commissions to be amortized amounted to €1.5 million and shows a decrease of €5.0 million compared to the previous financial year (€6.5 million in 2018). Such decrease is also related to the different mix of products marketed.

The pre-tax result, i.e. €46.2 million, was higher than that of the previous financial year (€43.1 million) by a total of €3.1 million. Taxes were calculated according to applicable tax legislation and regulations and rose from €12.2 million to €14.5 million.

It should be noted that also Agenzia Eurovita S.r.l., wholly owned, obtained positive economic and financial results, despite showing a slight drop compared to the year 2018, thanks to the management of the insurance portfolio entrusted to it by Eurovita S.p.A., reporting a net profit of €0.8 million.

With regard to the results for the year, the 2019 operations made it possible to achieve revenues of €1.4 million relating to insurance brokerage commissions. Against this revenue, overhead and management expenses of €0.4 million were incurred.

With regard to the newly acquired company Pramerica Life S.p.A., it reported a profit of €1.9 million in 2019, of which €1.8 million relating to the Life business and the remaining €0.1 million relating to the Non-Life business. Since the company was acquired at the end of 2019, the above profit did not contribute to the result of the Group's consolidated financial statements.

During 2019, the Company reported gross premiums for direct business of €142.2 million in the Life business, an increase of 8.9% compared to 2018. New business reported an increase of 14.9% compared to 2018, first-year premiums increased by 2.8 % and single premiums increased by 16.6%.

The banking channel, together with third-party networks, contributed with premium income of approximately €72 million. The banks with which distribution agreements are in place are Cassa di Risparmio di Asti (CrAsti), Banca di Piacenza, Banca della Marca Credito Cooperativo, Cassa di Risparmio di Cento, Credito di Romagna, Banca di Bene Vagienna, Banca Cambiano 1884 S.p.A. and Banca di Credito Cooperativo di Cherasco SCRL.

The "Life Planner and Agents" distribution channel, on the other hand, contributed with premium income of €70 million.

Lastly, it should be noted that the company Pramerica Marketing S.r.l., operating as an insurance agent on behalf of Pramerica Life S.p.A., by which it is wholly owned, reported a profit of €16 thousand, a decrease compared to a profit of €173 thousand at the end of 2018. Since the company was acquired at the end of 2019, such profit did not contribute to the result of the Group's consolidated financial statements.

4.2 Transactions with Group Companies and Related Parties

Eurovita Holding S.p.A. is the parent company of the Insurance Group Eurovita and carries out the management and coordination of Eurovita S.p.A. and Agenzia Eurovita S.r.l. and, starting from 18 December 2019, of Pramerica Life S.p.A. and Pramerica Marketing S.r.l.

All contractual transactions described below were settled at market conditions, unless otherwise specified in detail.

It should be noted that during financial year 2019 the following significant intercompany transactions were detected:

- On 27 March 2019, the Parent Company Eurovita Holding S.p.A. made a capital payment of €27.4 million to the subsidiary Eurovita S.p.A. This transaction was carried out to allow the subsidiary to achieve a Solvency Ratio in line with the Risk Appetite Framework;
- On 20 September 2019, the Boards of Directors of the Company and of the subsidiary Eurovita S.p.A. approved the conclusion of an intercompany cash-pooling agreement. After temporarily blocking dividend pay-outs, as specified in the Capital Policy, the Company was unable to receive liquidity, in terms of dividends, to meet overhead costs. Therefore, this transaction ensured the availability of cash to the Holding company, if necessary and when necessary. In addition, this transaction made it possible to optimize liquidity management of each Group entity and to reduce banking costs in relation to the counterparty's larger size;
- On 16 December 2019, Eurovita Holding S.p.A. made a capital payment of €30.3 million to the subsidiary Eurovita S.p.A. This transaction was part of the acquisition by Eurovita S.p.A. of the entire share capital of the insurance company Pramerica Life S.p.A. following the release of the relevant authorization by I.V.A.S.S.

In addition to the above transactions, the companies within the scope of Group consolidation maintained other relationships during the financial year as detailed below:

- Eurovita Holding S.p.A. charged back expenses of a total of €1.4 million for seconded personnel to the subsidiary Eurovita S.p.A. At the same time, it incurred costs of €380 thousand with the same Eurovita S.p.A. for the billing of services;
- Agenzia Eurovita S.r.l. maintains regular agency relationships and holds a significant portion of the PPB client portfolio, assigned to it by Eurovita S.p.A. In relation to such transactions, Agenzia Eurovita pays the Company's compensation to Agents by installments, in accordance with the National Bargaining Agreement for Agents. At the end of 2019, Agenzia Eurovita S.r.l. accrued commissions of €1.4 million from Eurovita S.p.A. The commission rates paid by Eurovita were reduced starting from the second half of 2012 to take into account the fact that part of the collection activities were being carried out directly by the Company, while the reimbursement of portfolio recoveries that the Company charged at the end of the financial year is governed by the National Bargaining Agreement for Agents. The Company also incurred costs totaling €100 thousand with Eurovita S.p.A. for the provision of services charged back without any mark-up.

- Pramerica Life S.p.A.: on 18 December 2019 Eurovita S.p.A. acquired all of this Company's shares and those of its subsidiary Pramerica Marketing S.r.l. However, at 31 December 2019, no transactions for costs / revenues or payables / receivables had been carried out between the two Companies. At the end of financial year 2019, Pramerica Life S.p.A. instead paid commissions of €6.2 million to Pramerica Marketing S.r.l. for selling activities and charged administration expenses of €1.4 million.

It should be noted that Eurovita Holding S.p.A. and its subsidiaries held no treasury shares or shares of its parent company either directly or indirectly during the year.
With regard to other related parties not included in the list, the Company Eurovita S.p.A. maintained normal transactions with the "Pension Fund for employees and executives of the Eurovita Group" for the payment of social security charges.
Moreover, the non-interest bearing subordinated loan, entered into by the parent company of Eurovita Holding S.p.A. (Flavia Holdco Limited) in January 2017, amounted to €115.5 million at 31 December 2019.

4.3 Other Information

The company Eurovita Holding S.p.A. continued its coordination work and support for all direct and indirect investee companies.

Transactions with reinsurers

The Company Eurovita S.p.A. implements insurance risk mitigation through a reinsurance policy focused on hedging death risk on TCM and PPI products, implemented under surplus share treaties (full €100,000 preservation of the former EP network and full €70,000 preservation for former EVA network) for TCMs and quota share treaties for PPIs.

As mentioned above, the Company was established on 31 December 2017 from the merger of the former companies EP, EVA and OMWI.

Accordingly, the current situation represents the set of reinsurance policies of the three merged Companies.

In the portfolio collected by the former EP agency network, the presence of commercial treaties relating to with-profit policies is predominant, with approximately 77% of the premiums ceded, to which surplus share risk-premium treaties hedging the death risk of TCM policies, quota share treaties hedging the death risk of CQS / CQP policies, as well as LTC guarantee treaty, were added over time. The new company also inherited indirect business from the former company EP, essentially taken from ERGO Belgium, within the Munich Re Group, of which the former company EP was a member, and retroceded business relating to both with-profit contracts and TCM contracts.

The portfolio collected from financial advisers of the former OMWI network is protected by a risk-premium treaty aimed at hedging the optional death event of Unit-Linked products.

The portfolio collected through the former EVA banks is reinsured either under commercial treaties on with-profit policies or under treaties hedging the death risk for TCM and PPI policies. The provisions of the ceded business with respect to the provisions of direct business has a weight of 16% on the provisions of with-profit policies, with a rate of 10% on risk-death provisions (TCM and PPI) and a rate of 50% for LTC risk.

There are no alternative risk transfer tools.

With regard to the company Pramerica Life S.p.A., RGA (Reinsurance Group of America) was chosen as reinsurance partner in the Non-Life business. The reinsurance terms and conditions entered into with this reinsurer provide for ceding 40% of commercial premiums, both for the accident and the sickness classes. With regard to Life Business reinsurance, RGA remains as reinsurance partner in relation to the share reinsurance of the risk premium based on a full retention equal to €0.6 million and a ceded portion of 30%. With regard to Class IV, there are outstanding share risk premium treaties with RGA (50% ceded) and, since 2015, also with Hannover Re (80% ceded).

Asset and Financial Management

Risks to the outlook of the global economy stemming from the protracted international trade tensions, Brexit and the slowdown in economic activities in China, caused a slowdown in global growth, with the IMF estimating global growth at 3.3% in 2019 against 3.6% last year (World Economic Outlook, January 2020).
The slowdown in global growth and the concurrent conditions of the labor market, characterized by unquestionably modest wage increases in the main advanced economies, with still contained underlying

inflationary pressure, were coped with by the main central banks by adopting expansionary monetary policies. The Federal Reserve (FED) and the European Central Bank (ECB) in fact interrupted the normalization processes of monetary policies, evaluating the intensity and effects of the global slowdown. During 2019, the FED reduced the rates three times (for a total of 75bps), while the ECB kept the reference rates unchanged, the balance sheet unchanged, repurchasing all the maturing securities, and launched a new refinancing plan for the banking system (TLTRO III).

The return to an expansionary stance of monetary policies produced a certain volatility in the prices of European government securities, the main asset class in which the Group invests, with the ten-year Bund going from a positive return at the beginning of the year (up approximately 0.20%) to the all-time lows of August (dropping below a negative 0.70%), and then undergoing a progressive increase in yields in the latter part of the year (reaching just above a negative 0.20%).
The Italian political uncertainties due to its populist government had initially contributed to maintaining high the spread of Italian government bonds and German government bonds in the first part of the year (with the ten-year yield above 2.70% at the beginning of the year). The formation of a new and more pro-European government caused the spread to narrow, particularly in the period August / September (with the ten-year yield falling below 0.85% in the first half of September). In the latter part of the year, however, Italian government bonds were also affected by the rise in interest rates, progressively compounded by increasing political uncertainties (closing the year with the ten-year yield above 1.40%).
The investment strategy adopted by the Group combines a top-down approach, i.e. starting from the definition of its capital management strategy (strategic asset allocation) based on the study of macroeconomic variables and risk diversification, to arrive at the precise definition of investments by analyzing fundamental data, current and forward-looking, of individual investments (bottom-up approach).

As part of the bottom-up management of portfolios, a broad diversification of investments was adopted by:

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

Furthermore, some investment restrictions were defined in order to reduce risks in the investment strategy (no currency and equity market exposure).

To achieve the maximization and stabilization of returns in the medium-long term and the containment of risks, financial management was "structured" as follows:

- investments in "traditional" asset classes (mainly government securities and bonds of financial issuers and corporate investment grade) are made under management mandates with financial managers with a high international standing (BNP Paribas AM - Goldman Sachs AM);
- investments in other liquid financial instruments (mainly bonds of Emerging Countries and High Yield bonds of European and American issuers) are made by investing in multi-asset fixed-income funds, which enable flexible, diversified (between and within the different asset classes) and global (geographically) management. Management is entrusted to a highly specialized global manager (Goldman Sachs AM);
- investments in "innovative and illiquid" financial instruments (mainly bonds and loans to medium-sized companies) are made through funds of the main international managers characterized by a long and solid track record. The investment in Private Debt funds, in addition to the corporate sector, enabled investments in infrastructural and real estate initiatives, making it possible to

diversify investments and "seize" the opportunities offered by illiquid premiums 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 uses the advice of StepStone Group, which is one of the world's leading operators in this strategy.

In summary, financial management, through a "solid" investment process, aims to seize all the opportunities offered by the global financial markets in a professional and flexible way.

The Group's total investment portfolio at book value amounted to €19,298 million at 31 December 2019 (€16,297 million at 31 December 2018, not including the investments of the company Pramerica Life S.p.A. for the period). Please refer to the Explanatory Notes for further details on portfolio composition.

Personnel and Specific Training

During 2019, targeted recruiting activities were carried out from the market of highly qualified professional profiles for the purpose of covering needs that had originated in specialist areas and some managerial positions. On the other hand, some fixed-term employment contracts were entered into to cover more operational needs.

At the end of the financial year, the Group's workforce included 324 employees, 90 of whom belonging to the company Pramerica Life S.p.A.

During the first half of 2019, Eurovita S.p.A. completed the business plan financed by Fondo Banche Assicurazioni (FBA, banking and insurance fund), approved in 2018, which included the delivery of training courses in the period between October 2018 and June 2019. In particular, technical training on insurance, development of management skills, improvement of communication style and development of digital / IT skills was delivered.

In July 2019, Eurovita presented a corporate training plan funded and approved by Fondo Banche Assicurazioni in September, which will end in July 2020. The maximum amount that can be financed is €200 thousand.

The plan was prepared consistently with the demand analysis that emerged during interviews with first-level managers. The plan's objectives include the strengthening of management skills; improvement of communication style through special training sessions on writing techniques and presentation skills; growth of industry expertise in technical insurance and improvement of the corporate climate through team-building activities aimed at creating integration between the various companies of origin, developing an innovative and digitized outlook with respect to insurance business processes, improving those in place.

Again in 2019, Business English courses were carried out for senior management and all those positions who needed to improve their English-language communication skills, which are key to their everyday work.

Information Systems, Organization and Significant Projects

With particular reference to the company Eurovita S.p.A., the IT system and process development plan continued during 2019 in order to achieve the full integration of Eurovita S.p.A. with the three companies merged at 31 December 2017, including for the purpose of being fully compliant with the new standards and seizing new market opportunities.
In particular, the first phase of the integration of portfolio systems was completed with the migration of the portfolio of the former company OMWI to the target system, and the second phase, relating to the

migration of the portfolio of the former company Ergo Previdenza S.p.A. was started. Developments were also carried out on the target portfolio system to support the product catalog innovation and restyling process.
The implementation of the target operating model was completed, including by adopting new IT solutions for the areas concerning network training, treasury management and customer assistance, while platforms supporting assistance processes for the Distribution Networks, the internal ticketing system and the workflow tools for document management are currently being implemented. These actions will be completed during 2020.
In the organizational area, according to the defined plan, the definition and formalization of internal company regulations continued and was made available to all employees on the company Intranet.
The following activities were also carried out for the purpose of improving operational effectiveness and efficiency and regulatory compliance:

- Implementation of IT controls as set out in the GDPR regulation adaptation plan;
- Adaptation to MIFID and IDD regulations;
- Improvement of the Solvency controls;
- Improvement of controls on anti-money laundering processes;
- Adaptation to I.V.A.S.S. Regulation 44 of 12 February 2019 on Anti-Money Laundering;
- Adaptation to I.V.A.S.S. Regulations 40/41 of 3 August 2018 with regard to 2019.

Research & Development and New Products

Research & Development

During 2019, Eurovita S.p.A. carried out a product package analysis and review process, which had already started in 2018, as inherited from the three former companies (Eurovita Assicurazioni S.p.A., Old Mutual Wealth Italy and Ergo Previdenza S.p.A.), adding over 20 products to its catalog, in addition to or as a replacement for existing ones.
The main stages of this process were:

- signature of new agreements with Cassa di Risparmio di Bolzano (on an exclusive basis) and Cassa di Risparmio di Volterra for the distribution of insurance products;
- updating of the product catalog for the network of financial advisors, specifically Fineco and Credem;
- restyling of the product range in the catalog.

Under the new exclusive agreement with Cassa di Risparmio di Bolzano, Eurovita S.p.A. prepared and launched a product package during the first half of the year, consisting of:

- three new Class I products called "*Eurovita Stability*" (in the *Target, Plus* and *Private* versions);
- a new Multi-class product ("*Eurovita Saving*");
- three new Unit-linked products called "*Eurovita Growth*" (in the *ESG*, *Vola* and *Private* versions).

With regard to Cassa di Risparmio di Volterra, Eurovita S.p.A. created a Class I product called "*Eurovita Orizzonti Private*", to be sold on an exclusive basis in conjunction with the Class I policy "*Eurovita Visione Target*", a retail product already available for other banks. The Company also completed the start-up of the placement of the new product "*CPI Prestito Protetto*", dedicated to covering loans in the event of the Insured's death.
With regard to the updating of the Fineco Bank catalog, Eurovita S.p.A. created and launched the Class I products "*Eurovita Focus Gestione*" (in the *Retail* and *Private* versions), later supplemented by the creation of a version that can be placed within the framework of the consultancy service "*Fineco Advice*" of the same network (*Eurovita Focus Gestione Advice*), together with the launch of a new Multi-class product called "*Eurovita Focus Multiramo*".

For the Credem network, Eurovita S.p.A. created a Multi-class product, *Eurovita Equilibrium,* in September 2019.
The streamlining and restyling of the product catalog materialized in the creation of new Class I / Multi-class products according to the type of distributor involved.
For the Banking channel, Eurovita S.p.A. decided to replace some "historical" products that had been created before the merger of the three companies, renovating its Class I range with "*Eurovita Visione*" products (in the *Target*, *Plus* and *Private* versions); in the same way, the Company took action by redefining its Multi-class range by launching "*Eurovita Bi-Line*" and "*Eurovita Flexible*" to replace the Multi-class products previously sold.
For Banca Consulia, Eurovita S.p.A. instead defined a global restyling of its two Multi-class products in an exclusive placement ("*Eurovita Synchro*" and "*Eurovita Butterfly*"), which led to the creation of a new version of two products, "*Eurovita Synchro Serie II*" and "*Eurovita Butterfly Series II*", characterized by the expansion of the range of External Funds that can be subscribed for, as well as by the possibility to use Optional Services, to date provided only for Unit-linked products (*Omnibus Switch*, *Fund Monitor* Program on External Funds, Regular Investment Plan).
The Company was engaged in parallel in the updating of the contractual material according to the provisions of the applicable I.V.A.S.S. and C.O.V.I.P. regulations, preparing the disclosure sets of all the products marketed since January according to ANIA Guidelines "Simple and Clear Contracts", and then proceeded with the adaptation of the entire range in the catalog by 31 December. Eurovita S.p.A. also filed the updated versions of the contractual documentation of the PIP currently being placed (*Eurovita Pensione Domani*), together with that of other PIPs with active positions in the portfolio.

4.4. Exposure to Risks

Please refer to the relevant section in the Explanatory Notes.

4.5 Business Outlook

The Company and Group companies will continue to develop and work to streamline internal processes with a view to containing costs and creating a solid and independent group leader in the Italian life products market, with the limits described hereunder in the paragraph concerning significant events after the end of the financial year.

4.6 Significant Events after Year End

These consolidated financial statements were prepared on a going-concern assumption because, in the Directors' opinion, the uncertainties described below in relation to the contagion from Covid-19 are currently not such as to raise doubts regarding the above assumption, whether considered individually or as a whole.

In the first months of the current year, the economy was heavily influenced by the negative effects of Covid-19. To cope with the moment of crisis, governments have put in place measures to support household and business incomes, credit and liquidity on the markets.

The European Commission has activated the general safeguard clause provided for by the Stability and Growth Pact, which allows temporary deviations from the medium-term budgetary objective or from the path towards it. The European institutions have also prepared a substantial expansion of the tools available to deal with the effects of the pandemic.

In Italy, as far as is known to date, industrial production fell by 15% in March and by around 6% on average in the first quarter; in the first three months of 2020, GDP recorded a drop today estimated at around five percentage points.

The continuation of the measures to contain the epidemic is likely to lead to a contraction in GDP also in the second quarter, which should be followed by a recovery in the second half of the year, even if the range of analysts' assessments is however very wide. The spread of the contagion is translating into an arrest of international tourist flows, which contribute almost a third to Italy's high current account surplus.

As in other European countries, share prices recorded losses and the yield spread of government securities compared to German securities widened, in a situation of sharp increase in risk aversion and deterioration in market liquidity.

At the Group level, all this may have effects on the decisions relating to financial investments and on the operations of financial management with the aim of maintaining a correct risk / return profile of the portfolio and with the inalienable objective of managing the performance of the Solvency ratio in compliance with the Group Capital policy.

As regards the performance of the insurance business of the Group, a slowdown in the signing of new contracts can be observed, which will lead to a premium income below expectations. At the end of the year, a contraction in the result is expected, compared to the original budget, essentially linked to the reduction of the class III assets to which the management fees retained by the insurance company are correlated and to the lower collection that brings with it less loadings.

We note that the Solvency II index for the first quarter of 2020 is substantially in line with the values at the end of the year, including the benefit deriving from the issue of an additional 50 million subordinated loan that took place in February 2020. In the first quarter 2020, specifically, a decrease in own funds compared to 2019 has been recorded, despite the aforementioned issue of a second tranche of subordinated Tier 2 loan. This reduction in own funds was more than offset by the decrease in the SCR. The decrease in the SCR is related to the lower exposures on UL products and to the assets portfolio de-risking, as well as to a lower operational risk due to the decrease in premiums of class I.

The trend at 31 March 2020 of the OFs is mainly generated by a negative impact of the market related to the expansion of the credit risk of both Italian and peripheral government bonds but also of corporate bonds; it is also benefited, as described above, from the issue on February 21, 2020, of an additional 50 million Euros of subordinated loan, with an interest rate of 6.75% and a duration of 10 years, classified as Tier 2.

As for the whole insurance market, during the month of April the further worsening of the level of spreads, that is of the rate differential between Italian government bonds, peripheral countries and corporate bonds with respect to the German Bund, had a negative impact on the Group's solvency levels.

In this context, and in light of the continuous monitoring of the situation put in place by the Directors and the Board of Statutory Auditors, also following the requests made by the Supervisory Authority to companies residing on the Italian market, the Group are putting in place a series of actions aimed at recovering higher solvency levels and in any case in line with Group policies.

Specifically, the main actions are aimed at streamlining the cost structure and optimizing the volume and mix of products sold, based on a renewed profitability analysis of the products and sales networks in the current market context, with the aim of identifying the correct mix of New Business, paying particular attention to the collection of class I. The insurance companies are also assessing whether margins exist for a different asset allocation.

In addition, the company Eurovita S.p.A. intends to proceed with the application to IVASS (the Italian insuranche market regulator) for the so-called "transitional measures" relating to the determination of technical provisions (BEL), which could give very significant benefits on the solvency levels. The potential impact of the other measures under study, however, is still being defined.

Finally, it should be noted that the directors, 3 of whom belong to the structure of the reference shareholder, are convinced that, in the event that the measures briefly described above were, for any reason, insufficient to raise the solvency above the established levels by the relevant corporate policies, also described in the ORSA report, the company and the reference shareholder are available to support and implement all the necessary measures over time to guarantee the restoration of solvency levels consistent with the group's risk appetite, in order to maintain business continuity and protect the interests of policyholders.

Lastly, it should be noted that on 28 January 2020 the company Pramerica Life S.p.A. started discussions with the trade unions, as set forth in Articles 15 and 16 of the collective bargaining agreement governing relations between companies and non-executive employees, in which it highlighted that some staff was redundant.
Following negotiations, the Parties reached an agreement under which tools were defined to facilitate the voluntary layoff of some of the Company's workers.
The employment relationships will be terminated starting from 31 May 2020.

Milan, 29 May 2020

FOR THE BOARD OF DIRECTORS

Erik STATTIN

Chief Executive Officer

EUROVITA HOLDING
FINANCIAL STATEMENTS

BALANCE SHEET - ASSETS

(amounts in Euros)

	31/12/19	31/12/18
INTANGIBLE ASSETS	**261.917.744**	**237.442.485**
Goodwill	**22.050.297**	22.050.297
Other intangible assets	**239.867.446**	215.392.188
TANGIBLE ASSETS	**24.535.599**	**506.154**
Land and buildings (self used)	**23.324.033**	0
Other tangible assets	**1.211.566**	506.154
AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS	**771.275.333**	**1.227.589.188**
INVESTMENTS	**19.297.830.130**	**16.297.023.436**
Land and buildings (investment properties)	**0**	0
Investments in subsidiaries, associated companies and joint ventures	**0**	0
Held to maturity investments	**0**	0
Loans and receivables	**744.373.318**	470.474.141
Available for sale financial assets	**11.679.407.541**	9.140.733.746
Financial assets at fair value through profit or loss	**6.874.049.270**	6.685.815.548
RECEIVABLES	**112.500.652**	**91.129.823**
Receivables arising out of direct insurance operations	**46.867.552**	58.407.144
Receivables arising out of reinsurance operations	**3.576.045**	5.192.097
Other receivables	**62.057.056**	27.530.582
OTHER ASSETS	**481.341.686**	**425.046.563**
Non-current assets or disposal groups classified as held for sale	**0**	0
Deferred acquisition costs	**53.897.117**	35.637.357
Deferred tax assets	**0**	0
Tax receivables	**325.100.148**	306.731.612
Other assets	**102.344.421**	82.677.594
CASH AND CASH EQUIVALENTS	**63.204.438**	**77.896.871**
TOTAL ASSETS	**21.012.605.582**	**18.356.634.520**

BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY

(amounts in Euros)

	31/12/19	31/12/18
SHAREHOLDERS' EQUITY	**612.216.331**	**355.875.196**
Group capital	**611.275.212**	353.954.377
Share capital	**1.000.000**	1.000.000
Other equity instruments	**0**	0
Capital reserves	**198.300.141**	168.000.141
Revenue reserves and other reserves	**233.842.876**	221.106.139
(Own shares)	**0**	-517
Reserve for currency translation differences	**0**	0
Reserve for unrealized gains and losses on available for sales financial assets	**100.541.675**	-52.238.231
Reserve for other unrealized gains and losses through equity	**-9.853.509**	3.349.589
Result of the period	**87.444.029**	12.737.257
Third parties capital	**941.120**	**1.920.819**
Third parties capital and reserves	**669.284**	1.831.721
Reserve for other unrealized gains and losses through equity	**213.363**	-81.169
Result of the period	**58.473**	170.267
OTHER PROVISIONS	**16.343.703**	**17.100.204**
INSURANCE PROVISIONS	**12.321.753.760**	**9.810.209.208**
FINANCIAL LIABILITIES	**7.544.073.519**	**7.774.376.890**
Financial liabilities at fair value through profit or loss	**6.808.155.866**	6.608.308.209
Other financial liabilities	**735.917.653**	1.166.068.681
PAYABLES	**278.290.539**	**230.053.984**
Payables arising out of direct insurance operations	**32.785.856**	26.196.509
Payables arising out of reinsurance operations	**76.741.329**	64.735.497
Other payables	**168.763.354**	139.121.979
OTHER LIABILITIES	**239.927.730**	**169.019.037**
Liabilities directly associated with non-current assets and disposal groups classified as held for sale	**0**	0
Deferred tax liabilities	**119.529.212**	45.069.803
Tax payables	**67.190.552**	68.379.429
Other liabilities	**53.207.967**	55.569.806
TOTAL EQUITY AND LIABILITIES	**21.012.605.582**	**18.356.634.520**

INCOME STATEMENT

(amounts in Euros)

	31/12/19	31/12/18
Net earned premiums	**1.974.144.946**	**1.199.021.452**
Gross earned premiums	**2.003.718.893**	1.252.222.023
Earned premiums ceded	**-29.573.947**	-53.200.571
Fee and commission income and income from financial service activities	**99.842.690**	174.502.063
Net income from financial instruments at fair value through profit or loss	**14.117.727**	-62.029.607
Income from subsidiaries, associated companies and joint ventures	**0**	0
Income from other financial instruments and land and buildings (investment properties)	**200.651.159**	142.020.855
Interest income	**122.115.393**	82.658.492
Other income	**38.603.411**	30.852.954
Realized gains	**39.932.356**	28.509.408
Unrealized gains and reversal of impairment losses	**0**	0
Other income	**148.108.301**	**60.986.142**
TOTAL INCOME	**2.436.864.824**	**1.514.500.904**
Net insurance benefits and claims	**2.020.199.168**	1.157.468.250
Claims paid and change in insurance provisions	**2.065.394.395**	1.231.926.414
Reinsurers' share	**-45.195.227**	**-74.458.164**
Fee and commission expenses and expenses from financial service activities	**99.989.652**	137.998.480
Expenses from subsidiaries, associated companies and joint ventures	**0**	0
Expenses from other financial instruments and land and buildings (investment properties)	**54.002.195**	75.103.675
Interest expenses	**34.429.012**	**47.983.470**
Other expenses	**0**	0
Realized losses	**13.497.983**	19.163.412
Unrealized losses and impairment losses	**6.075.200**	7.956.793
Acquisition and administration costs	**74.386.656**	78.600.289
Commissions and other acquisition costs	**36.990.471**	34.794.902
Investment management expenses	**11.960.094**	11.811.099
Other administration costs	**25.436.091**	31.994.288
Other expenses	**98.717.371**	47.067.612
TOTAL EXPENSES	**2.347.295.041**	**1.496.238.306**
EARNINGS BEFORE TAXES	**89.569.782**	**18.262.598**
Income taxes	**2.067.280**	**5.355.073**
EARNINGS AFTER TAXES	**87.502.502**	**12.907.524**
RESULT OF DISCONTINUED OPERATIONS	**0**	**0**
CONSOLIDATED RESULT OF THE PERIOD	**87.502.502**	**12.907.524**
Attributable to the Group	**87.444.029**	**12.737.257**
Attributable to Minority Interests	**58.473**	**170.267**

STATEMENT OF COMPREHENSIVE INCOME

(amounts in Euros)

	31/12/19	31/12/18
CONSOLIDATED RESULT OF THE PERIOD	**87.502.502**	**12.907.524**
Items that may not be reclassified to profit and loss in future periods	**-58.251**	**20.235**
Share of other comprehensive income of associates	**0**	
Reserve for revaluation model on intangible assets	**0**	
Reserve for revaluation model on tangible assets	**0**	
Result of discontinued operations	**0**	
Actuarial gains or losses arising from defined benefit plans	**-58.251**	20.235
Other	**0**	
Items that may be reclassified to profit and loss in future periods	**139.929.592**	**-18.858.250**
Foreign currency translation differences	**0**	
Net unrealized gains and losses on investments available for sale	**153.109.805**	-31.204.599
Net unrealized gains and losses on cash flows hedging derivatives	**-13.180.213**	12.346.349
Net unrealized gains and losses on hedge of a net investment in foreign operations	**0**	
Share of other comprehensive income of associates	**0**	
Result of discontinued operations	**0**	
Other	**0**	
OTHER COMPREHENSIVE INCOME	**139.871.341**	**-18.838.015**
TOTAL COMPREHENSIVE INCOME	**227.373.843**	**-5.930.491**
attributable to the Group	**226.954.793**	**-5.709.964**
attributable to minority interests	**419.050**	**-220.527**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(amounts in Euros)

		Amount as at 31.12.2017	Change in amounts	Allocation	Transfer to profit or loss account	Other transfer	Change in scope consolidation	Amount as at 31.12.2018
Shareholders' Equity attributable to the Group	Share capital	1.000.000		0				1.000.000
	Other equity instruments	0		0				0
	Capital reserves	**250.493.636**		0		-82.493.495		168.000.141
	Revenue reserves and other reserves	**203.304.476**		17.801.663				221.106.139
	(Own shares)	**0**		-517				-517
	Result of the period	**35.353.106**		-5.109.344		-17.506.505		12.737.257
	Other comprehensive income	**-30.203.833**		-263.685	-18.421.124			-48.888.642
	Total shareholders' equity attributable to the group	**459.947.385**	**0**	**12.428.117**	**-18.421.124**	**-100.000.000**	**0**	**353.954.378**
Shareholders' Equity attributable to minority interests	Share capital and reserves	**2.277.753**		-446.032				1.831.721
	Result of the period	**105.257**		65.011				170.268
	Other comprehensive income	**72.036**		-51.329	-101.877			-81.170
	Total shareholders' equity attributable to minority interests	**2.455.046**	**0**	**-432.350**	**-101.877**	**0**	**0**	**1.920.819**
Total		**462.402.431**	**0**	**11.995.767**	**-18.523.001**	**-100.000.000**	**0**	**355.875.197**

(amounts in Euros)

		Amount as at 31.12.2018	Change in amounts	Allocation	Transfer to profit or loss account	Other transfer	Change in scope consolidation	Amount as at 31.12.2019
Shareholders' Equity attributable to the Group	Share capital	1.000.000		0				1.000.000
	Other equity instruments	0		0				0
	Capital reserves	**168.000.141**		30.300.000				198.300.141
	Revenue reserves and other reserves	**221.106.139**		12.737.253		-517		233.842.876
	(Own shares)	**-517**				517		0
	Result of the period	**12.737.257**		74.706.772				87.444.029
	Other comprehensive income	**-48.888.642**		139.035.028	541.780			90.688.166
	Total shareholders' equity attributable to the group	**353.954.378**	**0**	**256.779.054**	**541.780**	**0**	**0**	**611.275.212**
Shareholders' Equity attributable to minority interests	Share capital and reserves	**1.831.721**		-1.162.437				669.284
	Result of the period	**170.268**		-111.794				58.473
	Other comprehensive income	**-81.170**		293.532	1.000			213.363
	Total shareholders' equity attributable to minority interests	**1.920.819**	**0**	**-980.700**	**1.000**	**0**	**0**	**941.120**
Total		**355.875.197**	**0**	**255.798.354**	**542.780**	**0**	**0**	**612.216.331**

CASH FLOW STATEMENT (INDIRECT METHOD)

(amounts in Euros)

	DEC 2019	DEC 2018
Earnings before taxes	**89.569.782**	**18.262.598**
Changes in non-cash items	**1.528.276.143**	**263.030.098**
Change in the provisions for unearned premiums and for unexpired risks for non-life segment	-	-
Change in the provisions for outstanding claims and other insurance provisions for non-life segment	-	-
Change in the mathematical provisions and other insurance provisions for life segment	1.531.737.400	96.992.631
Change in deferred acquisition costs	-6.021.326	-6.715.377
Change in other provisions	-2.896.918	-57.641
Other non-cash expenses and revenues arising out of financial instruments, investment properties and investments in subsidiaries, associated companies and joint ventures	113.853.922	151.587.249
Other changes	-108.396.934	21.223.236
Change in receivables and payables from operating activities	90.522.045	11.620.217
Change in receivables and payables arising out of direct insurance and reinsurance operations	29.183.652	25.826.776
Change in other receivables and payables	**61.338.393**	**-14.206.559**
Income taxes paid	-2.125.753	-5.525.341
Net cash flows from cash items related to investing or financing activities	199.847.657	-1.185.591.774
Financial liabilities related to investment contracts	**199.847.657**	**-1.185.591.774**
Payables to banks and customers	**-**	**-**
Loans and receivables from banks and customers	-	-
Other financial instruments at fair value through profit or loss	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	**1.906.089.874**	**-898.204.202**
Net cash flows from investment properties	-	-
Net cash flows from investment in subsidiaries, associated companies and joint ventures	20.004.781	-
Net cash flows from loans and receivables	-279.012.981	66.498.563
Net cash flows from held to maturity investments	-	-
Net cash flows from available for sale financial assets	-1.016.970.961	36.755.178
Net cash flows from tangible and intangible assets	-44.376.640	28.981.091
Net cash flows from other investing activities	-188.233.722	1.155.953.673
NET CASH FLOWS FROM INVESTING ACTIVITIES	**-1.508.589.523**	**1.288.188.504**
Net cash flows from shareholders' equity attributable to the Group	30.300.000	-100.000.107
Net cash flows from own shares	-	-517
Dividends payment	-	-
Net cash flows from shareholders' equity attibutable to minority interests	-979.702	-579.058
Net cash flows from subordinated liabilities and other similar liabilities	65.000.000	-
Net cash flows from other financial liabilities	-506.513.080	-337.312.924
CASH FLOW FROM FINANCING ACTIVITIES	**-412.192.783**	**-437.892.607**
Effect of exchange rate changes on cash and cash equivalents	**-**	**-**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	77.896.871	125.805.175
CHANGE IN CASH AND CASH EQUIVALENTS	-14.692.432	-47.908.305
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**63.204.438**	**77.896.871**

EUROVITA HOLDING
EXPLANATORY NOTES

Explanatory Notes

Basis of Preparation

The Consolidated Financial Statements at 31 December 2019 were prepared in accordance with the International Financial Reporting Standards adopted by the European Union. International Financial Reporting Standards (IFRS) refers to all international accounting standards called "International Financial Reporting Standards" (IFRS) and "International Accounting Standards" (IAS) and related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standard Interpretations Committee (SIC).

With regard to the entry into force of new accounting standards, it should be noted that the new accounting standard IFRS 9, issued by IASB in July 2014 and approved by the European Commission under Regulation No. 2067/2017, as of 1 January 2018, replaced IAS 39, which currently regulates the classification and measurement of financial instruments. IFRS 17, i.e. the new standard relating to the measurement of Insurance Contracts will instead be applicable as of 1 January 2023. The initial entry into force on 1 January 2021 has been postponed by the IASB to 1 January 2023.

During the month of September 2016, the International Accounting Standards Board (IASB) published an amendment to IFRS 4, which provides for two options for insurance groups: Temporary Exemption and Overlay Approach.

- Temporary Exemption allows for a complete departure from IFRS 9, maintaining the adoption of IAS 39 up to the reporting date as of which the new IFRS 17 comes into force;

- Overlay Approach makes it possible to remove any volatility from the Income Statement by suspending it as OCI, which could arise before the implementation of IFRS17 from some financial instruments that, following the adoption of IFRS 9, no longer meet the requirements for cost or FVOCI.

The two provisions were introduced in order to avoid the volatility of results deriving from a misalignment between the date of entry into force of the new accounting standard IFRS17 regarding insurance liabilities, in place of the current IFRS 4, and the new standard IFRS 9.

The Group opted for the adoption of the Temporary Exemption, so as to provide for its joint implementation for the insurance segment together with IFRS 17.

The Group verified that it meets the requirements for applicability of the Temporary Exemption. The calculation should be carried out taking as a reference the closing figures of financial year 2015, but given the extraordinary transactions as a result of which Eurovita S.p.A. was established during 2016 and 2017, the Group deemed it appropriate to make a reassessment of such accounting as at 31.12.2017. In particular, the percentage of book value of liabilities linked to insurance activities on the book value of the entity's total liabilities was higher than 90% at such date (predominance ratio).

As established by the law, a quantitative disclosure is provided below for entities that will apply the principle in arrears at 1 January 2023.

Loans and receivables	Fair value 31/12/2019	Fair Value change	Other changes	Fair value 31/12/2018
of which:				
Financial assets with contractual terms that provide for specific cash flows on specific dates represented solely by payments of principal and interest on the amount of the principal to be returned				
Bonds	586.229.985	-14.284.668	298.385.842	302.128.811
Other financial assets	29.248.005	-	-9.744.006	38.992.011
	615.477.990	**-14.284.668**	**288.641.836**	**341.120.822**
Financial assets other than those with contractual terms that provide for specific cash flows on certain dates represented solely by payments of principal and interest on the amount of the principal to be returned				
Bonds	14.969.100	-439.302	218.748	15.189.654
Other financial assets	-	-	-	-
	14.969.100	**-439.302**	**218.748**	**15.189.654**

Available for sale financial assets	Fair value 31/12/2019	Fair Value change	Other changes	Fair value 31/12/2018
of which:				
Financial assets with contractual terms that provide for specific cash flows on specific dates represented solely by payments of principal and interest on the amount of the principal to be returned				
Bonds	10.204.724.517	737.499.451	1.728.138.060	7.739.087.006
	10.204.724.517	**737.499.451**	**1.728.138.060**	**7.739.087.006**
Financial assets other than those with contractual terms that provide for specific cash flows on certain dates represented solely by payments of principal and interest on the amount of the principal to be returned				
Bonds	135.252.580	5.140.692	-171.068.234	301.180.122
Fund shares	1.318.429.277	50.992.298	193.598.778	1.073.838.201
Derivatives	-35.503.051	-48.516.626	2.208.707	10.804.868
	1.418.178.807	**7.616.364**	**24.739.251**	**1.385.823.191**
Other financial assets which provide no test				
Stock shares	21.001.167	-5.517.084	-110.166	26.628.417
	21.001.167	**-5.517.084**	**-110.166**	**26.628.417**

Financial assets at fair value through profit or loss	Fair value 31/12/2019	Fair Value change	Other changes	Fair value 31/12/2018
of which:				
Financial assets with contractual terms that provide for specific cash flows on specific dates represented solely by payments of principal and interest on the amount of the principal to be returned				
Bonds	5.051.692	474.139	-1	4.577.554
Derivatives	-	-	2.301.900	-2.301.900
	5.051.692	**474.139**	**2.301.899**	**2.275.654**
Financial assets other than those with contractual terms that provide for specific cash flows on certain dates represented solely by payments of principal and interest on the amount of the principal to be returned				
Bonds	4.856.444	207.500	-738.261	5.387.205
Fund shares	-	-	-	-
Derivatives	5.559.050	-1.430.250	5.512.500	1.476.800
	10.415.494	**-1.222.750**	**4.774.239**	**6.864.005**

With regard to credit risk, the data relating to risk exposure for securities that have passed the SPPI test are shown below:

RATING

Financial assets with contractual terms that provide specific cash flows on specific dates represented solely by payments of principal and interest on the amount of the principal to be	Book Value 31/12/2019	Market Value 31/12/2019	Book Value 31/12/2018
of which:			
Investment grade			
Bonds	10.124.140.542	10.240.035.555	7.774.282.690
Other financial assets	29.029.991	29.248.005	38.848.742
Non Investment grade			
Bonds	569.163.273	555.970.639	159.918.975

Furthermore, as of 1 January 2019 the new accounting standard IFRS 16 “Leasing” came into force replacing the previous standard IAS 17 “Leasing”, IFRIC 4, SIC 15 and SIC 27. The new standard requires finding whether a contract is (or contains) a finance lease, based on the concept of control over the use of an asset for a period of time; it follows that lease, rental, renting or free loan contracts, previously not assimilated to finance lease, may now fall within the scope of this Standard.

The Group applied IFRS 16 using the modified retrospective adoption method. Therefore, the comparative information relating to 2018 was not restated in the financial statements - that is, it was presented, as previously, according to IAS 17 and related interpretations. Further information on changes in accounting standards is provided below. Furthermore, in general, the disclosure obligations set out in IFRS 16 were not applied to comparative information.

A. Definition of Lease

Previously, at the beginning of the contract the Group established whether the same was, or contained, a lease according to IFRIC 4 – Determining Whether an Arrangement Contains a Lease. The Company now assesses whether the contract is a lease or contains one on the basis of the new definition of lease.

At the date of first adoption of IFRS 16, the Group decided to adopt a practical expedient that allows companies not to re-examine which operations constitute a lease. IFRS 16 was only applied to contracts that had previously been identified as leases. Contracts that had not been identified as leases by applying IAS 17 and IFRIC 4 were not evaluated again in order to determine whether they were a lease or not. Therefore, the definition of lease contained in IFRS 16 was only applied to contracts signed or amended at 1 January 2019 or later.

B. Lessee Accounting Model

In the capacity of lessee, the Group holds many assets under lease, such as buildings, IT equipment and cars supplied and used in service. Previously, the Group classified leases either as operating or finance leases, assessing whether the lease essentially transferred all the risks and benefits associated with ownership of the underlying asset. According to IFRS 16, the Group recognizes right-of-use assets and liabilities of the lease for the majority of leases in its statement of financial position.

At the beginning of the contract or at the time of a contract amendment that contains a lease component, the Group attributes the contract fee to each lease component according to its own separate price.

i. Leases classified as operating leases according to IAS 17

Previously, the Group recognized real property leases as operating leases in accordance with IAS 17. At the date of first adoption, for these leases, liabilities were determined at the present value of residual lease payments due, discounted by using the Group's rate for marginal lending facilities at 1 January 2019 (see paragraph C below). Right-of-use assets are valued at an amount equal to the lease liability, adjusted by the amount of any deferred or accrued liabilities relating to the lease. The Group adopted this approach for all leases.

The impairment test conducted on right-of-use assets at the date of first adoption found no evidence that these assets had suffered a reduction in value.

The Group used the following practical expedients to apply IFRS 16 to leases previously classified as operating leases according to IAS 17. Namely, the Group:

- applied the exemption from the recognition of right-of-use lease assets and liabilities to leases with a duration of less than 12 months;
- did not recognize right-of-use lease assets and liabilities for leases of low-value assets (e.g. IT equipment);
- excluded the initial direct costs from the measurement of right-of-use assets at the date of first adoption; and
- used its acquired experience in setting the duration of the lease.

ii. Leases classified as finance leases according to IAS 17

The Group does not hold any equipment under leases classified as finance leases according to IAS 17.

C. Effects on the Financial Statements

i. Effects of the first adoption

Upon first adoption, i.e. on 1 January 2019, the Group recognized the following values for right-of-use lease assets and liabilities for leases not already recognized in the financial statements according to IAS 17.

(amounts in Euro thousands)

	01-gen-19
Right of Use Land and Buildings	21.036
Right of Use Other Assets	316
Financial liabilities	21.351
Impact on Equity at 01/01/2019	**-**

When measuring the liabilities of leases classified as operating leases, the Group discounted the payments due under the lease using the rate for marginal lending facilities at 1 January 2019. The weighted average of the rate applied was 2.43 %.

(amounts in Euro thousands)

	01-gen-19
Obligations arising from operative leasing at 31.12.2018 according to IAS 17	26.073
Discounting effect using the marginal financing rate at 01.01.2019	-4.721
Liabilities on financial leases booked at 31.12.2018	-
Exemption to recognition for short-term or modest value lease	115
Liabilities on leases booked at 01.01.2019	**21.351**

These Consolidated Financial Statements were prepared in compliance with I.S.V.A.P. (Italian supervisory authority on insurance) Regulation No. 7/2007.

The Consolidated Financial Statements comprise:

- Consolidated Balance Sheet (prepared in accordance with the templates set out in I.S.V.A.P. Regulation No. 7/2007);
- Consolidated Income Statement (prepared in accordance with the templates set out in I.S.V.A.P. Regulation No. 7/2007);
- Consolidated Comprehensive Income Statement (prepared in accordance with the templates set out in I.S.V.A.P. Regulation No. 7/2007);
- Statement of Changes in Shareholders' Equity (prepared in accordance with the templates set out in I.S.V.A.P. Regulation No. 7/2007);
- Cash Flow Statement (prepared in accordance with the templates set out in I.S.V.A.P. Regulation No. 7/2007);
- Explanatory Notes to the Consolidated Financial Statements (including the tables required by I.S.V.A.P. Regulation No. 7/2007).

They are accompanied by the Directors' Report on Operations, drawn up in compliance with Article 100 of Legislative Decree No. 209/05 and Article 2428 of the Italian Civil Code.

The reporting date of the Consolidated Financial Statements is 31 December 2019, the closing date of the Financial Statements of the parent company Eurovita Holding S.p.A.

All the companies falling within the scope of consolidation close their Financial Statements as at 31 December.

The Consolidated Financial Statements were prepared in Euro, which is also the functional currency of all the companies included in the consolidation; the amounts in the Explanatory Notes are shown in Euro thousand, unless otherwise specified.

Eurovita Holding S.p.A., in its capacity as parent company of the Eurovita Insurance Group, was not subject to the obligation of preparing the non-financial declaration pursuant to Legislative Decree No. 254/16, since it did not exceed the threshold laid down in applicable legislation.

The measurement criteria were adopted on a going concern assumption, using the accrual methods, and the principles of relevance and significance of accounting information.

After the end of the financial year, no significant events occurred that could affect the data presented in the Financial Statements, within the limits of the contents of the following paragraph relating to subsequent events.

Scope of Consolidation, Reconciliation Tables, and Explanatory Notes

The consolidated Financial Statements include the data of the Parent Company and of all the Companies directly or indirectly controlled by the same.

Consolidation methods

Equity investments in subsidiaries were consolidated on a line-by-line basis.

Consolidation on a Line-by-line Basis

A controlling stake will be presumed when the parent company, directly or indirectly, holds more than half of the votes that can be cast at the General Meeting, or, a lower share if it exercises a dominant influence over the investee company, i.e. if it has the ability to guide the corporate decision-making process through the choice of financial and operational policies.

In the preparation of the consolidated Financial Statements:

a) the Financial Statements of the Parent Company and its subsidiaries were acquired on a line-by-line basis;

b) the book value of the equity investments was eliminated with the corresponding portion of shareholders’ equity of each subsidiary at the reporting date;

c) the portions of shareholders’ equity attributable to minority interests were highlighted, together with the respective portions of profit for the period, in specific items;

d) balances of intercompany transactions were eliminated.

IFRS 3 Business Combinations

The transfer of control of a company (or group of assets and integrated assets, conducted and managed as a unit) constitutes a business combination that will be accounted for in accordance with accounting standard IFRS 3.

For this purpose, control will be considered to have been transferred when the investor is exposed to variable returns, or holds rights on such returns, arising from a contract entered into with the investee company and, at the same time, has the ability to affect returns by exercising its power over such entity.

IFRS 3 requires an acquirer to be identified for all the business combinations. The latter must be identified as the entity that obtains control over another entity or group of assets. The consideration transferred as part of a business combination must be calculated as the sum of the fair value, at the transaction date, of assets sold, liabilities incurred or assumed, and capital instruments issued by the acquirer in exchange for control.

In transactions involving payment in cash, the price will be the agreed consideration, possibly discounted if a deferred payment is made with reference to a period exceeding the short term. Adjustments subordinated to future events are included in the consideration for the business combination at the acquisition date if required by the agreements and only if they are probable, reliably determinable, and realized within twelve months following the date of acquisition of control, while indemnities for the reduction of the value of the assets used are not considered, since they are already considered either in the fair value of the instruments representing capital or as a premium reduction, or increase in the discount on the initial issue, in case of issue of debt instruments.

The costs related to the acquisition are charges that the acquirer incurs for carrying out the business combination; these include, but are not limited to, the professional fees paid to auditors, experts, legal consultants, costs for appraisals and auditing of accounting records, as well as for the preparation of the disclosures required by the regulations. The acquirer must account for the costs related to the acquisition as charges for the periods in which such costs were incurred and the services received.

Business combinations are accounted for according to the “acquisition method”, based on which the identifiable assets acquired (including any intangible assets previously not recognized by the acquired company) and the identifiable liabilities assumed (including contingent liabilities) must be recorded at their respective fair values at the acquisition date.

The surplus between the consideration transferred (represented by the fair value of the assets transferred, liabilities incurred, or the equity instruments issued by the acquirer) and the fair value of the assets and liabilities acquired must be recorded as goodwill.

The accounting for the business combination can take place provisionally by the end of the financial year in which the combination is carried out and must be completed within twelve months from the acquisition date, as opted for by the Company.

With regard to the recognition of the acquisition, under IFRS 3-Business Combinations, the acquirer must, separately from goodwill, recognize the assets acquired and liabilities assumed, and must classify or designate them on the basis of the contractual terms, economic conditions, its operating or accounting principles, as well as other relevant conditions existing at the acquisition date. The acquirer must also measure and record the assets acquired and liabilities assumed at their respective fair values at the acquisition date. IFRS 3 provides for a valuation period of one year during which the company may, with retrospective effect on the acquisition date, adjust the initial provisional recognition of the assets acquired and liabilities assumed on the basis of information that may have become available over time concerning facts and current circumstances at the acquisition date.

This standard was adopted following the extraordinary acquisition transactions carried out in the past years, a brief summary of which is given below.

In June 2016 Cinven, following the approval of I.V.A.S.S., took control of ERGO Italia S.p.A. and its investee companies, ERGO Previdenza S.p.A., ERGO Assicurazioni S.p.A., ERGO Italia Direct Network S.r.l. and ERGO Italia Business Solutions S.c.r.l., subsequently selling the entire share capital of the company ERGO Assicurazioni S.p.A. to Darag Emanueli Limited in November 2016.

On 9 January 2017, with the prior authorization of I.V.A.S.S. by Measure No. 0228541/16 dated 7 December 2016, the acquisition of the entire share capital of Old Mutual Wealth Italy S.p.A. (hereinafter also “Old Mutual” or “OMWI”) by the company Ergo Previdenza S.p.A. (hereinafter also “Ergo” or “EP”) was finalized.

On 11 August 2017, with the prior authorization of I.V.A.S.S. by Measure No. 0150511/17 of 3 August 2017, the acquisition of the share capital of Eurovita Assicurazioni S.p.A. (hereinafter also “Eurovita Ass.” or “EVA”) by Ergo was finalized.

On 31 December 2017, following the authorization of I.V.A.S.S., the merger by acquisition of Old Mutual Wealth Italy S.p.A. and Eurovita Assicurazioni S.p.A. into Ergo Previdenza S.p.A., which simultaneously changed its name to Eurovita S.p.A., became effective.

On 18 December 2019, following the authorization by I.V.A.S.S., the acquisition of the entire share capital of the company Pramerica Life S.p.A., which owns the entire equity stake of the company Pramerica Marketing S.r.l., was completed.

Scope of Consolidation

IFRS 10 requires the consolidation of all subsidiaries regardless of the business activity being carried on.

The table below shows the list of companies consolidated on a line-by-line basis, in which the Parent 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.	99,82%	90,50	Milan	Life insurance
Pramerica Life S.p.A.	100,00%	12,50	Milan	Life insurance
Pramerica Marketing S.r.l.	100,00%	0,01	Milan	Insurance agency
Agenzia Eurovita S.r.l.	100,00%	0,26	Milan	Insurance agency

In preparing the consolidated Financial Statements:

- the accounting statements of the Companies included in the scope of consolidation were used as at 31 December 2019, prepared in accordance with the IFRS standards adopted by the European Union;

- all balances and significant transactions between Group Companies were eliminated, as well as any unrealized gains and losses in intercompany transactions;

Accounting Standards and Measurement Criteria

The Board of Directors reasonably expects the Group companies to continue with their operational existence in the foreseeable future and prepared the consolidated Financial Statements on a going concern assumption. It is believed that the current market situation will not lead to significant uncertainties regarding events or conditions that may generate doubts about the Group's going concern. However, please refer to the description contained in the following paragraph on subsequent events.

The consolidated Financial Statements at 31 December 2019 were prepared in accordance with the International Financial Reporting Standards adopted by the European Union. International Financial Reporting Standards (IFRS) refer to all international accounting standards called "International Financial Reporting Standards" (IFRS) and "International Accounting Standards" (IAS) and related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor the Standing Interpretations Committee (SIC).

No new issues and amendments to the IAS / IFRS were adopted by the Group in advance.

Balance Sheet

Intangible Assets

Goodwill

Intangible assets include goodwill (also provisionally calculated on the basis of the provisions of IFRS 3) paid in corporate acquisitions / integrations. Since such goodwill is with an indefinite useful life, it is not amortized, but is valued at least once a year, or in any case whenever there are indicators of potential permanent loss in value, by means of an impairment test; if the loss in value is confirmed as permanent, it is recognized in the Income Statement and will not be recovered in subsequent financial years.

Other Intangible Assets

In accordance with IAS 38, an intangible asset should only be recognized if it is identifiable and controllable by the company, if future business benefits are expected from its use and its cost can be determined and/or is reasonably determinable.

These assets are valued at purchase or production cost net of amortization and accumulated impairment losses. Amortization on a straight-line basis is calculated according to the estimated expected useful life and begins when the asset is available for use.

Other intangible assets include goodwill paid for the acquisition of Life portfolios (value in force, or VIF): the value of the contracts acquired is determined by estimating the present value of future cash flows of existing contracts. VIF is amortized on the basis of the actual life of the contracts acquired. This assessment is reviewed every year.

Tangible Assets

Other Tangible Assets

In compliance with IAS 16, these should be recognized at purchase cost including ancillary charges and are shown net of depreciation and any accumulated impairment losses. They are depreciated on a straight-line basis using rates considered fair in relation to the technical and business evaluation as to the residual possibility of use of the assets.

The value of other tangible assets and their residual life are reviewed at the end of each financial year.

The depreciation rates used during the financial year, unchanged with respect to the previous period, are as follows:

	Furniture	Ordinary office machines	Electronic office machines	Plants and equipment
Depreciation rate	12%	20%	20%	10%

Ordinary maintenance and repair costs are expensed in the financial year in which they are incurred.

As of 1 January 2019, this item also includes the right to use the assets held by the Group companies pursuant to the new accounting standard IFRS 16 “Leases”. This new standard, which replaces IAS 17 “Leases”, introduced new requirements for recognition and presentation of leases in the financial statements and disclosures.

The Group applied IFRS 16 using the modified retrospective adoption method. Therefore, no comparative information was restated and continued to be presented in accordance with IAS 17 and IFRIC 4. The information on the accounting standards set forth in IAS 17 and IFRIC 4 were presented separately.

Standard applicable as of 1 January 2019

At the beginning of the contract, the Group assesses whether the contract is, or contains, a lease. The contract is, or contains, a lease if, in exchange for a fee, it transfers the right to control the use of an identified asset for a period of time. To assess whether a contract grants the right to control the use of an identified asset, the Group uses the definition of lease contained in IFRS 16.

This standard applies to contracts coming into force as of 1 January 2019 or later.

i. Lessee Accounting Model

At the beginning of the contract or at the time of an amendment to a contract that contains a lease component, the Group allocates the contract fee to each lease component according to the relevant stand-alone price. However, in the case of building leases, the Group decided not to separate non-lease components from lease components and to recognize lease and non-lease components as a single component.

At the effective date of the lease, the Group recognizes the right-of-use lease assets and liabilities. The right-of-use asset is initially measured at cost, including the amount of the initial measurement of the lease liability, adjusted for any lease payments made on or before the effective date, increased by the initial direct costs incurred and by an estimate of the costs that the lessee will have to bear for dismantling and removing the underlying asset or restoring the underlying asset or site where it is located, after any lease incentives received.

Thereafter, the right-of-use asset is depreciated on a straight-line basis from the effective date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company at the end of the lease term or it is expected that the Group will exercise the purchase option in consideration of the cost of the right-of-use asset. In this case, the right-of-use asset will be depreciated over the useful life of the underlying asset, calculated in the same way as for real property and machinery. Moreover, the value of right-of-use asset is regularly decreased by any losses due to impairment and adjusted to reflect any changes deriving from subsequent measurements of the lease liability.

The Group assesses the lease liability at the present value of any lease payments due but not paid at the effective date, discounting them by using the interest rate implicit in the lease. Should it be impossible to determine such rate easily, the Group uses the rate for marginal lending facilities. Generally, the Group uses the rate for marginal lending facilities as a discounting rate.

The Company's rate for marginal lending facilities is calculated using the interest rates obtained from various external financing sources by making some adjustments that reflect the terms and conditions of the leases and the type of leased asset.

- fixed payments (including payments that are substantially fixed payments);
- variable payments due under the lease according to an index or rate, initially measured by using an index or rate at the effective date;
- amounts that are expected to be paid as a guarantee on the residual value; and
- exercise price of a purchase option which the Group has a reasonable certainty of exercising, lease payments due in an optional renewal period if the Group has a reasonable certainty of exercising the renewal option, and penalty of early termination of the lease, unless the Group has a reasonable certainty of not terminating the lease in advance.

The lease liability is measured at amortized cost using the effective interest method and will be newly measured in case of modification of future lease payments due deriving from a change in the index or rate, in case of modification of the amount that the Group expects to pay as a guarantee on the residual value or when the Group changes its measurement with reference to the exercise or otherwise of a purchase, extension or termination option or in the event that substantially fixed lease payments due are reviewed.

When the lease liability is newly measured, the lessee makes a corresponding adjustment to the right-of-use asset. If the book value of the right-of-use asset is reduced to zero, the lessee will recognize the change in profit (loss) for the year.

In the statement of financial position, the Group presents any right-of-use assets that do not meet the definition of real estate investments in a specific item "Right-of-use assets" and any liabilities of the lease under the item "Right-of-use liabilities".

Short-term leases and leases of low-value assets

The Group decided not to recognize right-of-use lease assets and liabilities relating to low-value assets and short-term leases, including IT equipment. The Group recognizes the related lease payments due as a cost on a straight-line basis over the lease term.

ii. Lessor Accounting Model

At the beginning of the contract or at the time of amendments to a contract that contains a lease component, the Group allocates the contract fee to each lease component according to the relevant stand-alone price.

At the beginning of the lease, the Group, in its capacity as lessor, classifies each of its leases either as a finance lease or as an operating lease.

For this purpose, the Group generally assesses whether the lease substantially transfers all the risks and benefits associated with ownership of the underlying asset or otherwise. In the former case, the lease is classified as a finance lease, in the latter case as an operating lease. As part of this assessment, the Group, among the various indicators, considers whether the lease term covers most of the economic life of the underlying asset.

Applying IFRS 16, the Group adopted the simplified accounting treatment for short-term leases (residual term of less than 12 months) and for leases whose underlying asset is of low value (under €5,000), which allows lessees not to recognize any amount of assets and liabilities in their financial statements but only to recognize any lease payments due as a cost.

Technical Provisions Borne by Reinsurers

This macro-item includes the commitments of reinsurers that derive from reinsurance contracts governed by IFRS 4. They should be calculated and recognized according to the contractual conditions provided for in the reinsurance treaties, unless otherwise assessed in regard to the recoverability of the loan.

Investments

In calculating the fair value of financial instruments, three different input levels were identified:

- level 1: inputs represented by (unmodified) listed prices in active markets for identical assets or liabilities that can be accessed on the valuation 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 valued;
- level 3: unobservable inputs for the asset or liability for which estimates and assumptions made by the appraiser are used.

The choice between the aforementioned methods is not optional, as they must be applied in such order. Please refer to the attachments to the Explanatory Notes to the Financial Statements for details regarding the breakdown of financial instruments by fair value level.

Loans and Receivables

This item includes loans on policies, mortgages, loans to employees, deposits with ceding entities (reinsurers), repurchase agreements, time deposits, receivables for claims against agents, unlisted debt securities not available for sale that the Company intends to hold in the foreseeable future, and the existing collateral under any forward contracts signed.

This category also includes unlisted debt securities, possibly comprising a bond component separated from structured products.

For loans and receivables of a non-insurance nature, initial recognition is made at fair value (amount disbursed including transaction costs and directly attributable commissions). The subsequent valuations are carried out at amortized cost, using the effective interest method, including any write-downs.

Loans and receivables of an insurance nature should be recognized and valued according to the criteria established by the Italian standards, in accordance with the provisions of IFRS 4, i.e. they are recognized at their nominal value and subsequently valued at their presumed realizable value.

Financial Assets Available for Sale

This category includes debt securities, equity securities, UCI units, and equity investments deemed strategic (shares of less than 20% of the share capital, of strategic importance from a commercial or corporate standpoint).

UCI units should be allocated in their respective asset classes on the basis of the prevailing underlying. Therefore, fixed-income were allocated to capital instruments items.

This category is defined in residual terms by IAS 39 and includes non-derivative financial assets designated as available for sale or that have not been otherwise classified.

At the time of initial recognition, the financial instrument is measured at cost (including directly attributable transaction costs), as an expression of fair value at that date, in accordance with IAS 39; financial assets are recognized in the Balance Sheet when the Company becomes a party to the contractual clauses of the instrument. In case of initial recognition deriving from a restatement of the instrument from a different class, fair value at the time of transfer is used.

Any subsequent measurements are carried out at fair value, represented by the listing at that date or, in the event of non-listing on an active market, it will be calculated by using valuation techniques generally recognized by the financial markets.

For the purpose of the listing, a market is considered active when it can set a price at which a transaction could occur. The existence of official prices in a regulated market is an optimal, but not required, condition for setting a fair value; however, in the event that the prices on regulated markets do not represent a condition of sufficient liquidity, markets capable of representing effective trading, even if not regulated, are preferred by favoring the principle of substance over that of form.

The Income Statement includes charges and income capitalized on the basis of the amortized cost according to the effective return rate method. Unrealized gains and losses are instead recorded in a specific shareholders' equity reserve (including taxation).

In the event of sale or loss in value caused as a result of an impairment test, any unrealized gains or losses accumulated up to that moment in shareholders' equity are transferred to the Income Statement.

A financial asset available for sale is canceled from the Balance Sheet if, following its natural maturity, disposal, or other event, the contractual rights on the cash flows, as well as the risks and benefits associated with the same, expire or are transferred. Simultaneously with the cancellation of the asset, the amount corresponding to the gains and losses accumulated in the equity reserve is recognized in the Income Statement.

Assets are recorded at the settlement date.

Impairment policy for financial assets

In light of the merger that characterized financial year 2017, in order to make the impairment policy more consistent with the new investment portfolio and market practices, the Company's management decided to modify the impairment test triggers, as explained below.

At each reporting date, if there is reasonable evidence of the existence of a permanent loss, the value of the instrument is adjusted accordingly (impairment), recognizing the cost in the Income Statement.

IAS 39 requires that, at each reporting date, companies must check whether there is any objective evidence that a financial asset, or group of financial assets, has suffered impairment.

The units of mutual funds are considered as equity securities for the purposes of the impairment test.

For the purposes of the impairment test, the Company analyzed the following situations for equity securities:

a) the market price was always lower than the initial recognition value in the past 12 months;

b) the decrease in value at the reference date was 30% higher than the initial recognition value.

It should be noted that particular cases, such as FIAs in a start-up phase (where the initial loss in value is natural), will be analyzed in detail in order to verify the actual and objective loss in value.

For the aforementioned securities, if evidence of impairment is confirmed, the overall change in fair value is recognized in the Income Statement with a write-off of the reserve on assets available for sale.

With regard to fixed-return financial instruments, in order to verify the possible need to proceed with impairment, the Company examines objective factors or concrete information that calls into question the payment of benefits (payment of coupons or repayment at maturity); losses in value of more than 20% of the amortized cost of the investment or decreases in the fair value below 70% of the nominal value constitute further indications and grounds for assessment. It should be specified that the 70% threshold is not valid for the zero coupon securities component.

The recognition of impairment over previous periods is considered a condition for further impairment if the security was still producing a loss at the measurement date.

If a capital security has suffered impairment, any subsequent value recoveries will be recorded in the specific shareholders' equity reserve, reversal of impairment being prohibited. The recovery of value adjustments up to the corresponding amortized cost value is permitted for debt securities, provided that the reasons underlying the permanent loss have ceased to be effective on the basis of objective evidence. This value recovery is recorded in the Income Statement.

Financial Assets measured at fair value through profit or loss

This category includes assets held for trading in the short term (in line with the definitions of IAS 39, supplemented with the provisions of European Commission Regulation No. 1864 of 15 November 2005) and assets designated at fair value through profit or loss.

The following assets are assigned to the latter category:

- structured instruments, in which there is an embedded derivative not strictly connected to the primary contract, for which IAS 39 (paragraph 12) provides for the separate accounting of the two components and which the Company has decided not to account for separately;

- derivative components, separated from the primary contracts according to IAS 39 (paragraph 11), in turn accounted for among other categories (Loans and receivables - Assets available for sale);

- derivative contracts excluding hedging contracts.

The assets designated at fair value through profit or loss also include assets hedging the Company's commitments for insurance and/or investment contracts with investment risk borne by policyholders, as well as derivative financial instruments that do not meet the conditions qualifying an effective hedging, according to the definition provided by the IFRS, between the derivative instrument and the hedged item.

In accordance with IAS 39, financial assets should be recognized in the Balance Sheet when the Company becomes a party to the contractual clauses of the instrument.

Initial recognition is carried out at cost, as an expression of fair value at that date. The subsequent valuations are carried out at fair value, represented by the pricing at that date or, in the event of non-listing on an active market, calculated by using valuation techniques generally recognized by the financial markets.

For the purpose of the calculation, a market is considered active when it can set a price at which a transaction could occur. The existence of official prices in a regulated market is an optimal, but not required, condition for setting a fair value; however, in the event that the prices on regulated markets do not represent a condition of sufficient liquidity, markets capable of representing effective trading, even if not regulated, are preferred by favoring the principle of substance over that of form.

Unrealized gains and losses were recorded in the Income Statement.

Assets were recorded at the settlement date.

Sundry Receivables

Receivables Arising from Direct Insurance Transactions and from Reinsurance Transactions

In accordance with IAS 39, these items include receivables from policyholders, insurance and reinsurance brokers, and insurance and reinsurance companies.

They are recognized at nominal value and subsequently measured at their presumed realizable value. Since these are short-term receivables, discounting methods are not used.

Other Receivables

In compliance with IAS 39, this item includes non-insurance receivables.

They are recognized at nominal value and subsequently valued at their presumed realizable value. Since these are short-term receivables, discounting methods are not used.

Other Asset Components

Deferred Acquisition Costs

Starting from the end of financial year 2003, the Company amortized commissions in prepaid form relating to policies with annual premiums with regular payment of the premium, within the limits of the charge included in the portion of the commissionable premium, with the exception of:

- commissions relating to individual forms of insurance, including guarantees associated with the same - temporary insurance in the event of death and disability, and optional temporary insurance in the event of death;
- commissions relating to unit-linked policies;
- commissions relating to supplementary guarantees.

Rappels were excluded from the acquisition costs to be amortized.

The above charges, to be calculated on each individual policy, are amortizable for a maximum period of 10 years, and are in any case amortized within the limit of the contractual duration and premium charges.

At each closing, the deferred acquisition costs relating to contracts issued during the reference period (also for partial redemption), are expensed by charging the residual commission through profit or loss. In case of partial redemption, commissions are expensed pro-quota (in proportion to the provisions released).

Current Tax Assets and Deferred Tax Assets

Income taxes are calculated in compliance with current tax legislation, Presidential Decree No. 917/1986, as amended by Legislative Decree No. 38/2005, also taking into account the amendments brought by Law No. 244/2007 (2008 Finance Law), the provisions of Law No. 208 of 28 December 2015 (2016 Stability Law), the prevailing interpretations provided by legal theory and official instructions by the (Italian) Financial Administration.

I.R.A.P. (regional tax on productive activities) is calculated in compliance with the provisions of Legislative Decree No. 446/1997, as amended by the aforementioned Law No. 244/2007.

The tax burden is represented by the total amount of current and deferred taxation included in the calculation of profit or loss for the period. Income taxes are recorded in the Income Statement with the exception of those relating to items debited or credited directly to shareholders' equity. The Company records the effects related to current and prepaid taxes applying tax rates in force.

Provisions for income taxes are calculated on the basis of a prudent forecast of the current, prepaid, and deferred tax burden.

Prepaid and deferred taxes are calculated on the basis of the temporary differences between the value attributed to an asset or liability according to statutory criteria and the corresponding values assumed for tax purposes, without any time limit.

Temporary differences can be:

- taxable, i.e. they will result in taxable amounts when computing the taxable income of future financial years when the book value of the asset or liability has been realized or eliminated;
- deductible, i.e. they will be translated into amounts that are deductible when computing the taxable income of future financial years when the book value of the asset or liability has been realized or eliminated.

Deferred tax assets represent income taxes recoverable in future financial years attributable to:

- deductible temporary differences;
- carry-forward of unused tax losses.

Deferred tax assets are recognized in the Financial Statements to the extent that they are likely to be recovered, which is also assessed on the basis of the Company's and the Group's ability, as a result of opting for the "tax consolidation", to generate positive taxable income on an ongoing basis.

Deferred tax liabilities represent taxes due in future financial years attributable to temporary taxable differences.

All deferred tax liabilities are recognized in the Financial Statements.

Deferred tax assets and liabilities being recognized are regularly measured to take into account any changes in tax rules or tax rates.

Starting in financial year 2008, the new formulation of the standard IAS 12.74 was implemented. It provides for the obligation to offset deferred tax assets and liabilities relating to income taxes of the same type and attributable to the same taxable person or different taxable persons who intend to settle such items on a net basis, or to realize the assets and settle the liabilities simultaneously, in each subsequent financial year.

Other Assets

The item mainly includes deferred acquisition costs (DAC) on insurance and reinsurance contracts classified as Investment Contracts in accordance with the provisions of IFRS 4 and treated in compliance with the provisions of IFRS 15.

These costs refer to costs incurred for the financial management service to be provided over the duration of the contract. The acquisition costs also include any "welcome bonus" attributed to the customer.

For single-premium contracts, amortization is carried out over a period of 10 years. For annual premium contracts, the duration of amortization is based on the duration of the contract (with a maximum limit of 10 years). At each closing, it should be noted that deferred acquisition costs relating to contracts issued during the reference period (including for partial redemption), are expensed by charging the residual costs through profit or loss.

Cash and Cash Equivalents

This item includes cash, sight deposits, and bank deposits with the central bank, recognized at their nominal value.

Shareholders' Equity

Capital Reserves

This item comprises the share premium.

Profit Reserves and Other Equity Reserves

This item, as required by IFRS 1, includes the reserve comprising any gains and losses arising from the first adoption of the IFRS standards. Other profit reserves are also included and gains and losses arising from material misstatements and changes in accounting policies or estimates adopted may also be included, as required by IAS 8.

Gains or Losses on Financial Assets Available for Sale

The item includes any gains or losses arising from the measurement of financial assets available for sale (IAS 39.55 (b)) directly entered in Shareholders' Equity, net of the component relating to the deferral of profits or losses to be attributed to policyholders (Shadow Accounting) and net of the related tax effects.

Other Gains or Losses Recognized Directly in Equity

This item includes any gains or losses arising from direct recognition in Shareholders' Equity, including gains or losses on hedging instruments of a financial flow.

Dividends

Dividends payable are shown as changes in shareholders' equity for the year in which they were approved by the General Meeting of shareholders.

Provisions

This macro-item includes provisions recognized 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 such obligation is probable and necessary and the amount thereof may be estimated reliably.

Technical Provisions

This macro-item includes any commitments that arise from contracts falling within the scope of IFRS 4, or contracts that, following the classification process described in the appropriate paragraph, have been classified among insurance contracts, with or without discretionary participation feature (DPF), or among investment contracts with DPF.

In life insurance, these are:

- actuarial reserves for pure, supplementary, and additional premiums, of premium reserves and technical provisions of supplementary insurance and expense reserves;
- provisions for sums to be paid, set aside for any exit from the portfolio due to claims, redemption, annuity, or maturity which, at year end, had not yet given rise to the corresponding payment;
- profit sharing and retrocession provisions.

Supplementary insurance in particular concerns:

- Premium reserve (pro-rata basis and for pending risks);
- Claims reserve (including the estimate of claims for the period).

Within technical provisions relating to investment contracts with DPF, a special capital reserve was set aside to limit volatility due to the presence of unrealized gains / losses on assets (referred to as shadow accounting).

At the end of the period, in order to verify the fairness of the technical provisions and in compliance with the provisions of IFRS 4, an adequacy test is carried out based on the expected future cash flow values generated by the portfolio in place at the valuation date. Any inadequacy found will give rise to a supplementary provision pursuant to IFRS 4.15 (Liability Adequacy Test, or LAT).

Any negative goodwill paid for the acquisition of Life portfolios (value in force, or VIF) is also included in the technical provisions: the value of contracts purchased is calculated by estimating the present value of future cash flows of contracts in place. VIF is amortized on the basis of the effective life of the contracts acquired. This estimate is reviewed every year.

Shadow Accounting Provisions

The shadow accounting technique, set forth in IFRS 4, makes it possible to account for unrealized losses and/or gains among technical provisions of insurance or investment contracts with discretionary participation feature, as if they had been realized.

The shadow accounting provision is determined as a Balance Sheet adjustment to actuarial provisions and is equal to the difference between the actuarial provision set aside and the actuarial provision that would have been set aside if all the (unrealized) valuation gains and losses had been implemented with a so-called “going concern” approach. It follows that shadow accounting is applicable to contracts for which the realization of net valuation gains and losses has an effect on actuarial provisions. Generally, for Italian products, this occurs for valuable tariffs, linked to separate management funds.

The shadow accounting going-concern approach allows to obtain:

- Greater stability of the results for the period and changes in the Company’s shareholders’ equity;
- A faithful representation of the economic reality of business: the assumption of instant realization of valuation gains and losses is in general not consistent with the Company’s discretion regarding the time and amount of the realization of investments of separate management funds;
- Consistency with value measurements though profit or loss that take into account portfolio development;
- Truthful and correct calculation of capital and results for IAS / IFRS purposes in scenarios of significant capital losses: the assumption of instant realization of capital losses could result in an unjustified capital reduction even if there is a current business performance well above guaranteed minimums;
- Adherence to the ‘going-concern’ principle (included in the framework of IAS / IFRS standards), according to which the Financial Statements should be prepared on the assumption of the company’s future going concern. In particular, in view of the commitments for maturities / redemptions, the Company can count on future cash flows deriving from the collection of premiums and/or from the collection of coupons / dividends, and from the repayment of bonds at maturity;
- Consistency with the valuation system of Article 36 of Regulation 21 of 28 March 2008. The assumption of instant realization could penalize capital due to a possible ‘double counting’ of capital losses already considered in the supplementary provisions recognized according to the aforementioned Regulation No. 21/2008.

The “going-concern approach” is an approach that, in short, considers the following elements:

- the balance of potential gains and losses at the reference date for the period that are realized prospectively over a period of several years, consistent with the Company’s management policies. The analysis is performed at the level of single separate management fund;
- the reference yield on which to measure the impact of the realization of capital gains/losses is the “prospective natural return” of the individual separate management fund. The natural rate is defined as the rate of return before any possible realization and, from a theoretical standpoint, consists of income from equity investments, income from real estate investments, coupon flows, and issuing and trading discounts for bonds, and from the return on liquidity; the percentage of participation in gains / losses by policyholders taking into account the minimum guaranteed contractual rate, the minimum commission withheld by the Company for the management of contracts, and the average percentage of retrocession on returns if any. The analysis is carried out for each separate management fund and within the same by brackets of minimum guaranteed return.

Liability adequacy test (LAT)

In accordance with the provisions of IFRS 4, in order to verify the fairness of provisions, a Liability Adequacy Test (LAT) was carried out. This test was conducted in order to verify whether the technical provisions, including deferred liabilities to policyholders, are adequate to cover the fair value of future cash flows relating to insurance contracts.

The adequacy test is therefore performed by comparing the IAS / IFRS provision (which includes the portion deriving from the adoption of shadow accounting and the VIF) net of any deferred acquisition costs or intangible assets linked to the contracts in question, with the fair value of future cash flows relating to insurance contracts. Any eventual inadequacy is immediately charged through profit or loss.

Financial liabilities

Financial Liabilities measured at fair value through profit or loss

The financial liabilities in this category are divided into two further sub-items:

- financial liabilities held for trading, where negative positions on derivative contracts are classified;
- financial liabilities designated at fair value through profit or loss, where financial liabilities relating to contracts issued by insurance companies whose investment risk is borne by policyholders are classified, in the presence of insignificant insurance risk, and without discretionary participation feature. The item refers to the financial liabilities governed by IAS 39 (IAS 39.9,47 (a)) and therefore includes the financial liabilities constituted by the deposit component of investment contracts (within the meaning of IFRS 4.IG2) issued by the Company, comprising technical provisions relating to unit-linked, index-linked products.

With regard to the criteria applied in the estimation of the time when to account for a financial liability, when to derecognize it, in the initial and subsequent valuations, as well as the methods for recognizing any related charges, please refer to the paragraph relating to financial assets measured at fair value through profit or loss.

Other Financial Liabilities

The items of an insurance nature mainly refer to deposits received from reinsurers recognized at nominal value, and subordinated liabilities measured at amortized cost.

Payables

Payables Arising from Direct Insurance Transactions and from Reinsurance Transactions

In accordance with IAS 39, this item includes trade payables arising from direct and indirect insurance transactions. These payables are recognized at nominal value.

Other Payables

Among other items, this item includes provisions for amounts due to employees for Severance Indemnities, measured, as required by IAS 19, according to demographic, economic, and financial actuarial assumptions (for a detailed description of the method used to measure this liability, please refer to the paragraph "Employee Benefits") and liabilities linked to rental contracts within the scope of accounting standard IFRS 16 "Leases". The residual part of payables is recognized at their nominal value, in accordance with IAS 39.

Other Liability Components

Current Tax Liabilities and Deferred Tax Liabilities

The item Current tax liabilities include payables to the (Italian) Tax Authorities for current taxes.

Deferred tax liabilities are recognized for all taxable temporary differences between the book value of assets and liabilities and the corresponding value recognized for tax purposes, except for the cases provided for by IAS 12.

Deferred tax liabilities are calculated by applying the tax rate according to the regulations in force at the end of the financial year.

Please refer to the paragraph on Tax Assets for further details.

Other Liabilities

This item includes deferred commission income related to insurance and reinsurance contracts that do not fall within the scope of IFRS 4, as required by IFRS 15.

These are up-front charges, i.e. acquisition charges relating to the financial management service provided, recorded and deferred over the duration of the contract. For contracts classified as Investment, the premium charges, generally on single premiums, intended to cover commissions, recurring expenses, and additional hedges, as well as to generate profits for the Company, are deferred on a straight-line basis over the duration of the contract, through the creation of a special reserve called DIR (Deferred Income Reserve), which includes reserves for future expenses, calculated with the Level 1 bases. The portion of premium charges to be deferred is that which is obtained from the gross premium, after excluding the part of the deposit (treated according to IAS39) relating to the invested premium, and removing the insurance component relating to additional hedges (when not financed entirely by recurring commissions).

For single-premium contracts, amortization is carried out over a period of 10 years. For annual premium contracts, the duration of amortization is based on the duration of the contract (without any limit). Deferred commissions relating to contracts issued during the reference period (including by partial redemption), are charged through profit or loss for the residual portion.

The item also includes provisions for amounts due to employees for other long-term social security payments and remuneration. For a detailed description of the method used to measure this liability, please refer to the paragraph "Employee Benefits".

The item includes existing collateral under forward contracts according to the financial sign. The remaining part of liabilities is recognized at nominal value.

INCOME STATEMENT

Net Premiums

This item includes premiums for the period relating to contracts pursuant to IFRS 4.2.

Premiums are accounted for with reference to their maturity irrespective of the date on which their actual cash collection takes place and net of taxes to be paid by policyholders. Premiums ceded to reinsurers include the amounts due to reinsurers under contractual reinsurance treaties. During the financial year, with a view to harmonizing the criteria of the two merged companies, the insurance contracts identified were contracts underwriting insurance risk equal to or greater than 5%, obviously including the contracts under which the Company underwrites a significant insurance risk linked to longevity, mortality, or other biometric risks.

Commission Income

This item includes the accounting of revenues connected with financial services provided, as required by IFRS 15.

This item therefore includes the operating commission income and other technical revenues relating to investment contracts, which do not fall within the scope of IFRS 4.

It also includes the amortization in the Income Statement of deferred income in connection with insurance and reinsurance contracts having a non-significant insurance risk and therefore valued according to IAS 39. This in particular refers to the positive margins deferred through the Deferred Income Reserve (DIR), as well as the Deferred Acquisition Costs (DAC) relating to commissions received under reinsurance treaties governed by IAS 39.

Income and Charges Arising from Financial Instruments Measured at Fair Value through Profit or Loss

This macro-item includes realized gains and losses and increases and decreases in the value of financial assets and liabilities measured at fair value in the Income Statement.

Income Arising from Other Financial Instruments

This macro-item includes income arising from financial instruments not valued measured at fair value through profit or loss, as set forth in IAS 39. Namely: interest income (calculated using the effective interest method), other income from investments (dividends and other), realized gains, and valuation gains (value recovery, reversal of impairment).

Other Revenues

This macro-item, among other things, includes other technical income in connection with insurance contracts falling under IFRS 4, exchange differences accounted for in accordance with the provisions of IAS 21, as well as gains realized and recoveries relating to tangible and intangible assets, as required by IAS 16 and IAS 38, as well as other income items arising from the sale of goods, provision of services other than insurance and financial services and services arising from investments defined and governed by IFRS 15.

Charges Relating to Claims

With reference to insurance contracts under IFRS 4.2, this macro-item includes the amounts paid, change in claims reserves, change in the reserve for amounts to be paid, the actuarial provisions, the technical provisions when the investment risk is borne by the policyholders if related to insurance contracts, and other technical provisions of the life classes.

Recognition is carried out gross of settlement costs, net of recoveries and reinsurance.

Commission Expense

This item includes the recognition of costs connected to financial services received, as required by IFRS 15. This item therefore includes other technical charges relating to investment contracts that do not fall within the scope of IFRS 4.

It also includes the amortization in the Income Statement of deferred charges in connection with insurance and reinsurance contracts with non-significant insurance risk and therefore valued in accordance with IAS 39. This in particular refers to commission expense deferred through the Deferred Acquisition Costs (DAC) relating to contracts governed by IAS 39.

Charges Arising from Other Financial Instruments

This macro-item includes charges arising from financial instruments not measured at fair value through profit or loss, as required by IAS 39. In detail: interest expense (calculated using the effective interest method), other investment charges, realized losses, and valuation losses (impairment).

Operating expenses

Commissions and Other Acquisition Costs

This item includes the fees due to the sales network in relation to the acquisition of insurance contracts pursuant to IFRS 4.2. This also includes overhead expenses allocated to acquisitions charges.

Investment Management Fees

This item includes overheads and personnel expenses related to the management of financial instruments.

Other Administration Expenses

This item includes overheads and personnel expenses not attributed to charges relating to the acquisition of contracts, settlement of claims, and management of investments. In particular, this item also includes overheads and personnel expenses associated with the administration of investment contracts that do not fall within the scope of IFRS 4.

Other Costs

This macro-item, among other things, includes other technical charges related to insurance contracts falling within the scope of IFRS 4, exchange differences, supplementary provisions made during the financial year, as well as the losses realized, and permanent loss in value relating to intangible assets and relating to tangible assets for the portion not otherwise allocated to other cost items.

Current Taxes and Deferred Taxes

These items include charges relating to current taxes, calculated according to the tax legislation in force, as well as changes in deferred taxes, as defined and regulated by IAS 12.

OTHER INFORMATION

Defined Benefits after Termination of Employment and Other Long-Term Benefits

Defined benefits should be set apart from defined contribution benefits due to the fact that, unlike the latter, not all actuarial and investment risks are borne by the party entitled to the same.

Defined benefits refer to pension plans (including severance indemnities) and healthcare assistance that the Company grants to its employees after termination of employment. The benefits due are based on the remuneration received by employees during a predetermined period of service, as well as on the working life of such employees. These benefits are assessed using actuarial criteria; the gains and losses arising from this valuation are recorded in the statement of comprehensive income of the vesting period, using the projected unit credit method.

Following the supplementary pension reform referred to in Legislative Decree No. 262 of 5 December 2005, the portions of employees' severance indemnities accrued up to 31/12/06 remained within the Company, while the portions of employees' severance indemnities accrued starting from 1 January 2007 were, at the employee's choice (by 30 June 2007), allocated to a supplemental pension scheme or to the I.N.P.S. Treasury Fund.

Any employees' severance indemnities accrued up to 31/12/2006 (or up to the date between 01/01/2007 and 30/06/2007 chosen by the employee in case of allocation of his/her severance indemnities to a supplemental pension scheme) will continue to be "Defined benefits" and therefore subject to actuarial valuation, albeit with a simplification in the actuarial assumptions, which will no longer take into account the forecast on future salary increases.

Any portions accrued from 1/07/2007 (or up to the date between 01/01/2007 and 30/06/2007 chosen by the employee in case of allocation of his/her severance indemnities to a supplemental pension scheme) were considered as a "Defined contribution" plan (since the Company's obligation ceases when the accrued severance indemnities are paid into the pension scheme chosen by the employee) and therefore the relevant cost for the period is equal to the amounts paid into the supplemental pension scheme or into the I.N.P.S. Treasury Fund.

Derecognition of Financial Instruments from Assets and Liabilities

A financial instrument will be derecognized from the Balance Sheet if, following its natural expiry, disposal, or other event, the contractual rights on the cash flows, as well as the risks and benefits associated with it, expire or are transferred.

Use of Estimates

The preparation of the Financial Statements and related notes in adoption of IFRS entails making estimates and assumptions that produce effects on the values relating to assets, liabilities, costs, and revenues, as well as on the presentation of contingent assets and liabilities at the reporting date. Such estimates and measurements are regularly reviewed by the Company's management on the basis of past experience and other factors deemed reasonable in such circumstances. Actual results may differ from such estimates due to different operating conditions and different assumptions. Any changes in estimates are recognized in the Income Statement in the financial year in which they actually occur.

The following information regards assumptions on and uncertainties in estimates at 31 December 2019 having a significant risk of causing material changes in the book value of assets and liabilities to be recognized in the financial statements of the following financial year:

- acquisition of a subsidiary: fair value of fee transferred (including potential fee) and fair value of the assets acquired and liabilities assumed, measured provisionally.
- impairment test on goodwill, positive VIF and deferred acquisition costs: main assumptions for the computation of recoverable values;
- recognition and measurement of funds and contingent liabilities: main assumptions on the probability and extent of an outflow of resources;
- assessment of allowance for doubtful accounts deriving from direct insurance transactions: main assumptions in computing the percentage of weighted average loss;
- recognition of deferred tax assets: availability of future taxable gains to be offset by deductible temporary differences and tax losses carried forward.

Insurance Contracts

IFRS 4 lays down the obligation to temporarily continue using the national accounting standards used until 2004 to account for insurance contracts, defined as contracts with a significant insurance risk, while life contracts with a high financial content and with no guaranteed return, or that do not provide for the discretionary participation feature are considered financial instruments falling within the scope of IAS 39, without prejudice to their representation in the life segment of the Financial Statements.

Risk Analysis

Introduction

The Group companies are equipped with a risk management model, integrated into business, aimed at optimizing its risk-return profile by increasing profitability and maintaining an adequate level of economic

/ regulatory capital, thereby guaranteeing the expectations of shareholders and policyholders in terms of value creation and safeguard of the Company's assets.

The Group companies assume risks prudentially by pursuing the following objectives:

- only bear risks pertaining to its core business, developing and offering products for which it is able to guarantee consolidated and high-level skills;
- only bear risks for the management of which the Company has suitable expertise and resources;
- ensure satisfactory and lasting results to shareholders through risk management, safeguarding the expectations of the contracting parties and policyholders and maintaining a capital surplus even in the face of extreme events;
- adopt prudent investment policies that aim to achieve efficient risk-return combinations;
- promote ethical values and a risk culture at all company levels;
- ensure the integration of risk management in the business through:
    - current and forward-looking risk assessment process, aligned and integrated with the main decision-making processes (e.g. definition of business plan);
    - assessment of the Company's Risk Appetite and control mechanisms over consistency between the latter and the actual risk profile;
    - explicit consideration of the impacts of the Company's business initiatives on the risk profile;
    - continuous monitoring of the Solvency Position by means of a sensitivity analysis.

The internal risk control and management system, proportional to the enterprise's size and operational characteristics, is structured according to three "Defense Lines", organized as follows:

- the First Line consists of persons - essentially belonging to "business" and "staff" Organizational Units - responsible for risk assumption and for monitoring risks in terms of initial identification, assessment, control / monitoring, management, and reporting thereof;
- the Second Line consists in the "second level" Control Functions, i.e. Risk Management, Compliance, and Actuarial Departments. In particular, the Risk Management department has the task of monitoring and maintaining the entire Risk Management System, which contributes to ensuring it effectiveness including by supporting each Company's Board of Directors and Senior Management in relation to the definition and implementation of the same. The Actuarial Department contributes to effectively applying the risk management system, with particular regard to technical and capital aspects, making sure that the assumptions used in the calculation of technical provisions are consistent with the Companies' business, criteria, and methods used by the enterprise to calculate own funds and the current and prospective solvency capital requirement. Finally, the Compliance Department, in addition to identifying the regulations applicable to the Companies on an ongoing basis by evaluating the impact thereof on processes and procedures, also has specific tasks in regard of non-compliance risk prevention;
- the Third Line consists in the Internal Audit Department, with respect to its role to provide independent "assurance".

The main elements of the risk management System are represented by:
- a process for defining the risk strategy, which will constitute the link between the Companies' business strategy and risk management and will determine the general risk appetite framework by defining a set of risk management limits and requirements (Risk Appetite Framework);

- a process for identifying risks aimed at detecting the internal and external risk factors relevant to the Group in its entirety and to each of the Group Companies and any changes that can have a significant impact on its business strategy and objectives on a continuous and ad hoc basis;
- a risk measurement and assessment process, aimed at quantifying the economic impact (with qualitative / quantitative methods) in terms of expected average loss in a complete and systematic way for each risk category through the use of the Standard Formula;
- a risk monitoring process, based on feedback inherent in the risk management process and on verification of the identified operational limits;
- a risk reporting process governing specific information flows between all the departments involved;
- dissemination of a risk management culture, aimed at increasing value creation, minimizing possible negative impacts.

The System aims to guarantee risk-based decision-making processes in accordance with the relevant national and European regulations and applies both to risks in place and to risks that can arise in existing businesses or in new businesses.

The Board of Directors is ultimately responsible for the internal control and risk management system, of which it ensures the continual completeness, functionality, and effectiveness, including in relation to outsourced activities. The governing body ensures that the risk management system enables the identification, evaluation also on a forward-looking basis, and risk control, including risks deriving from non-compliance with the rules, guaranteeing the goal of safeguarding assets, including in the medium-long term.

Senior Management is responsible for the implementation, maintenance, and monitoring of the internal control and risk management System, including risks deriving from non-compliance with the rules, in line with the directives of the Governing Body.

The Board of Statutory Auditors, as a body having control functions, verifies the adequacy of the organizational, administrative, and accounting structure adopted by the Company and its concrete operation.

The Supervisory Body, pursuant to Legislative Decree No. 231/2001, has supervisory and control functions on the operation, effectiveness, adequacy, and compliance of the Organization and Management Model adopted by the Companies and is responsible for its updating.

In order to illustrate the Companies' corporate governance and internal control system, it is also considered useful to note that committees have been established within the Board of the parent company Eurovita Holding S.p.A.:

- Audit, Internal Control, and Risk Committee;
- Appointments and Remuneration Committee;
- Board Group Investment Committee.

These committees report to the parent company's Board, which has approved their respective Operating Regulations.

Finally, the organizational area coordinated by the Chief Risk Officer includes the Anti-Money Laundering function, which aims to:

- ensure the suitability of the internal control system and corporate procedures with regard to the risk of money laundering and terrorist financing;
- prevent and combat the violation of laws, regulations, and codes of conduct on the matter.

The widespread risk management policy applied within the Group, reviewed and updated on an annual basis, sets out the model for risk governance, taxonomy, measurement, control and management, and the risk reporting system.

Mechanisms for sharing and exchanging information between the corporate bodies, the Supervisory Body, Senior Management, as well as the aforementioned Board Committees of the parent company, have been defined in order to make the activities of departments responsible for risk monitoring and control fully effective.

The rules and operational procedures followed for the management and monitoring of risks to which the Group is exposed have been defined in the risk management Policy of the Eurovita Group, which in particular require the review of risks on an ongoing basis and at least quarterly and that the findings regarding the underlying risk profile be reported to the Board of Directors using the appropriate forms.

Based on the findings of the risk detection and assessment processes, a system of limits and triggers has been established by the Board of Directors setting risk tolerance limits on the risk bearing capacity.

Risks are being currently detected and managed on the basis of the provisions of the risk management Policy and in compliance with the provisions of Article 19 of I.V.A.S.S. Regulation No. 38/2018. Including in consideration of the Solvency II framework, such risks have been classified in the following risk categories:

- Financial risk;
- Life technical risk;
- Sickness insurance technical risk that may be assimilated to Life technical risk (residual risk in the Pramerica product range)
- Risk of Counterparty Default;
- Other risks.

1 Financial Risk

The variables with the greatest impact on financial portfolios were monitored during the financial year. Therefore, the effects of market changes on the portfolio were assessed as part of risk management, both in qualitative and quantitative terms, with a view, on the one hand, to ensuring the availability of assets and, on the other, defining an investment management strategy related to the structure of commitments to policyholders, in order to improve profitability. The financial management of the Separate Management Funds of Eurovita S.p.A. was delegated to external companies (Goldman Sachs Asset Management, BNP Paribas Asset Management). With regard to Pramerica Life S.p.A., the financial management of Separate

Management Funds is internal and characterized by a low degree of complexity. With a view to the convergence of business models towards a cohesive target operating model, the financial management of Pramerica Life S.p.A. will be supported by the departments of Eurovita S.p.A., in order to ensure harmony and a common line in the management of assets.

The most relevant risk factors for the Group's "Class C portfolio", given the nature of investments, are risks relating to interest rate, credit, concentration and depreciation of equity assets and real estate securities, as well as the unfavorable trend in currency exchange rates and liquidity risk.

With a view to diversifying the portfolio and reducing interest rate risk (spread) in compliance with regulations on separate management funds, the Group has increased the weight of indirect investments in credit and alternative funds and has stipulated (long and short) forward derivative contracts on government bonds in the Euro area.

With regard to investments in the "Class D portfolio" of Eurovita S.p.A., the Group is indirectly exposed to a market risk transmitted by the policyholders' assets, since management fees are withdrawn 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 Group's business model, which pursues the objective of making the proposal more attractive to customers.

The Group maintains a continuous monitoring of financial risks in order to implement any corrective measures and minimize the effects of adverse market changes that could lead to a depreciation of the value of investments, influence the behavior of policyholders, and increase the cost of yield guarantees embedded in the liability portfolio. Through an integrated analysis of assets and liabilities by individual Separate Management Funds, the sustainability of the guaranteed minimum amounts is evaluated with respect to the prospective macroeconomic scenario and the matching between assets and liabilities is analyzed in terms of net cash flows and duration. Targeted asset and return optimization actions have been carried out both in terms of ALM and for the purpose of a prospective reduction of the Solvency II capital requirement at the Group level.

The Group, as also required by I.V.A.S.S. Regulation No. 24/2017, has arranged for and drafted, in a coordinated manner, the Framework Resolution on Financial Investments of each Company for the purpose of measuring and containing exposure to the market risk of portfolios. Moreover, a Management Investment Committee, which meets monthly and in which corporate business and control bodies are invited to participate, was established within the Companies. This Committee works in support of the Board Group Investment Committee, at least quarterly, in which the Chief Risk Officer is invited to participate and whose purpose is to monitor the results achieved and verify the adequacy of the strategies and management tactics adopted in relation to the continuous evolution of the markets.

For a correct management of the Group's exposure to the financial markets, the management team has adopted the appropriate strategies developed with a view to defining the most consistent risk / return combination with the Group's objectives.

Interest rate risk is managed through a policy that optimizes the investment performance and constantly monitors the match between assets and liabilities at the Group level and in terms of separate management funds.

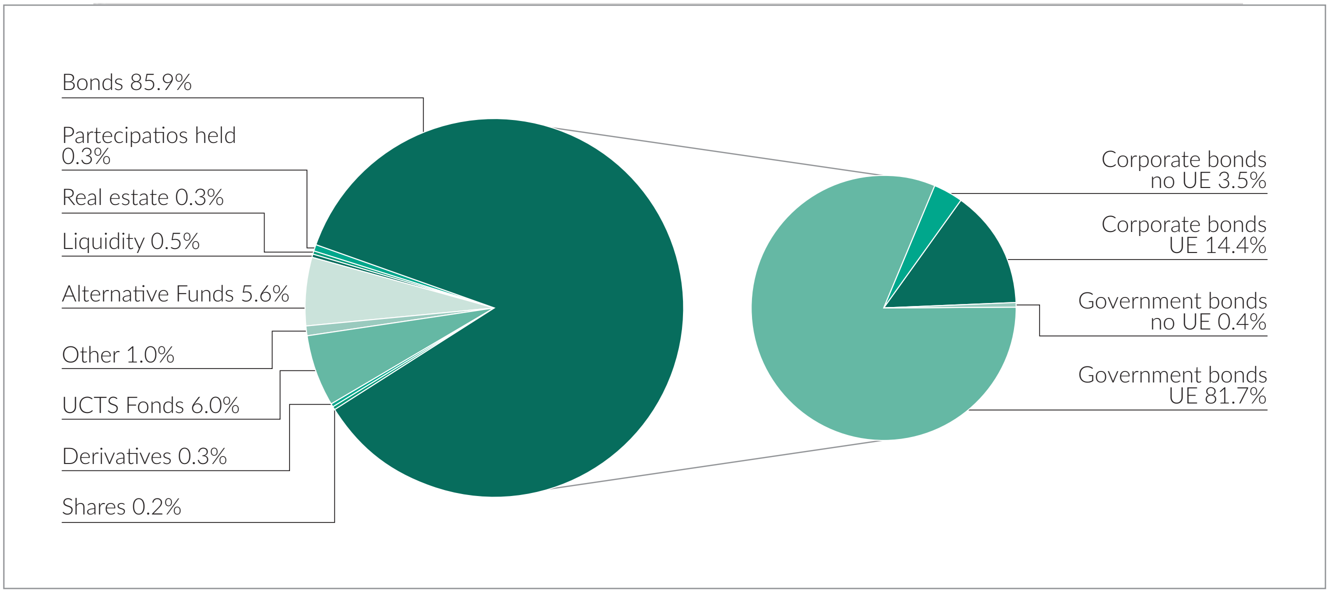
The Group manages *concentration risk* by defining specific limits by asset class for each Company, reviewed annually by the Board of Directors upon approval of the Framework Resolution on Investments.

The Risk Management Department regularly monitors compliance with the above limits.

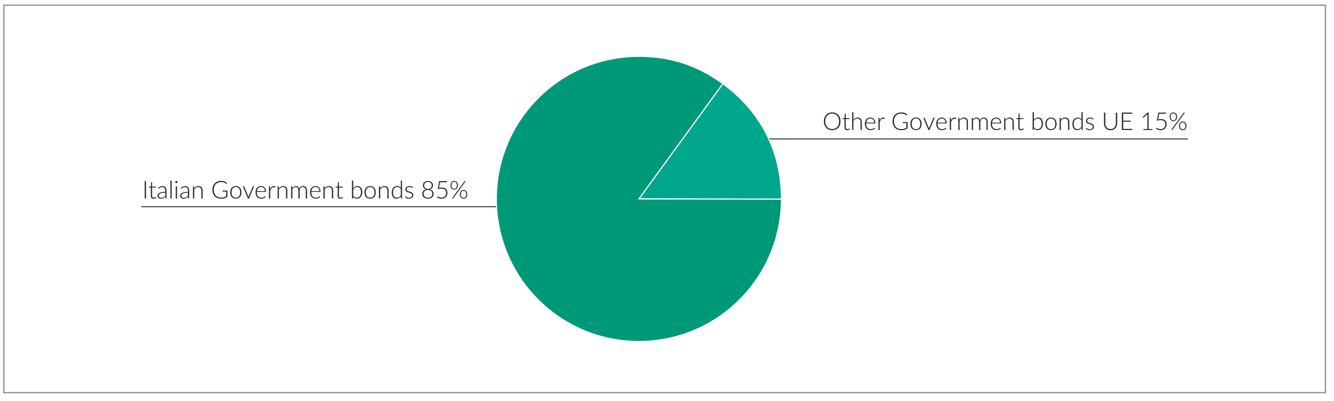
A summary description of the Group's Companies' portfolios is shown below.

The "Class C" portfolio of the company Eurovita S.p.A., which at 31 December 2019 amounted to €10,835 million, mainly comprises bond instruments (approximately 86%), UCITS funds (approximately 6%) and alternative funds (approximately 5.0%).

The bond portfolio mainly includes securities issued in the Euro zone and comprises Government securities (approximately 82%), covered bonds, and corporate bonds (approximately 18%).



With regard to Pramerica Life S.p.A., the "Class C" portfolio amounted to €1,242 thousand at 31 December 2019, and exclusively included government bonds in the Euro area, mainly Italian government bonds (approximately 85.26%).



The “Class C” portfolio of Pramerica Life S.p.A. contributes in its entirety to the sector of bonds in the Group portfolio.

Market risk is assessed by the Standard Formula. Considering the composition of the Group’s portfolio, the findings of assessments show a substantial exposure to the spread risk mainly.

Liquidity risk arises when the Group Companies, in order to meet the liquidity needs of Separate Management Funds, have no available funds and are unable to promptly liquidate the investment in securities without suffering significant losses in value. The Companies constantly carry out a careful analysis of their cash flows and must respect specific investment limits in order to mitigate this risk by limiting exposure to illiquid and structured products. Periodically, monitoring of the risk is performed in the short, medium and long term, as required by the “Policy on liquidity risk management” set out under the Framework Resolution on Investments (pursuant to I.V.A.S.S. Reg. No. 24/2016): the Risk Management Department is in particular in charge of medium-term monitoring (12 months) and verifies whether the value of the Liquidity Coverage Ratio (LCR), i.e. the ratio of liquid assets to portfolio inflows / outflows, is not less than the risk appetite and tolerance thresholds as defined in the Risk Appetite Framework.

2 Life Technical Risk

The Group’s portfolio is represented by a balanced mix of hedging products with a main savings content, unit-linked products without guarantees (found only in the Eurovita portfolio), and pure risk hedging products for a residual portion.
In relation to the nature of the business and composition of the portfolio, it was found that the main underwriting risks to which the Group Companies are exposed are as follows:

- lapse risk, determined by changes in the level or volatility of the rates for early repayments due to partial redemptions, total redemptions, reductions (termination of premium payments), and other reasons;
- expense risk, linked to the possibility that the income generated by the business may not cover all the related costs incurred;
- biometric risk, with particular reference to the risks of mortality, disability, and morbidity, which is also mitigated through reinsurance.

Longevity risk is negligible by virtue of the relative impact of annuity contracts on the Group’s overall portfolio. No guaranteed option ratios are provided for in the products in the portfolio of Eurovita S.p.A.

For risks associated with with-profit policies with minimum yield guarantees, in addition to integrating appropriate criteria that take into account the situation of the financial markets and the existing regulatory restrictions, the holding of the corresponding financial investments is measured over time using ALM techniques.

With regard to purely technical insurance risks, the Group pays particular attention to risks associated with the launch of new products and their assessment through profit testing to verify the sustainability of the coverage being offered, the riskiness, and the margins generated for the Group. The pricing is based on statistical analyzes of the actuarial type, including on a forward-looking basis, to ensure an adequate assumption of risks in setting the premium and margins, including in relation to contract placement and management / maintenance costs. There is also a continuous comparison and monitoring of market trends and foreseeable scenarios, a capital requirement calculation using the Solvency II “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 annual planning phase.

Product pricing follows the same risk measurement standards (assumptions, flow modeling, etc.) as those included in the overall risk management framework.

To this end, the Group favors recourse to verified historical data (assumptions concerning redemption rates, mortality cases), used in a discriminate manner, i.e. paying attention to their overall solidity (historical series depth, correctness of the surveys, presence of anomalous data, suitability of historical data for use as predictive tools, etc.).

With regard to mortality risk, i.e. relating to insurance contracts in the “event of death” (whether temporary or entire life), the mortality tables used for pricing are prudential and risk exposure is monitored through a comparison between actual mortality and theoretical mortality deduced from the tables themselves.

Among risk mitigation factors, reinsurance is critical, especially for mortality risk.

The risk management policies adopted in association with life insurance contracts require the adoption, in the contract acquisition phase, of appropriate prudential rules aimed at achieving a careful selection of risks.

With regard to contracts that provide for payment of capital in the event of death, the underwriting policy provides for the acquisition of suitable health documentation, which should be the more detailed the higher the capital to be insured and the insured’s age. The analysis and evaluation of the documentation received will then determine the decision to request further documentation, underwrite or reject the risk, or apply appropriate extra premiums (in relation to the insured’s health condition, linked to certain professions and/or sports activities).

The risk is assessed using the Standard Formula; the exposure of both Companies to underwriting risk is mainly due to the risks of early repayment and expenses.

The tables below show the concentration of direct gross premiums by business line at the level of the Group and of individual companies.

(figures in Euro thousand)

Direct gross premiums by business line				
EUROVITA GROUP				
IAS Classification	**Premiums in the first year**	**Premiums in subsequent years**	**Single premiums**	**Total**
Supplementary	63	6.288	-	6.351
Indirect business	5.225	-	-	5.225
Insurance	45.368	152.265	8.815	206.448
Investment DPF	1.806.001	59.553	62.231	1.927.785
Grand total	**1.856.657**	**218.106**	**71.046**	**2.145.809**
Investment	476.222	9.426	-	485.648
Grand total	**2.332.879**	**227.532**	**71.046**	**2.631.457**

Direct gross premiums by business line				
EUROVITA S.P.A.				
IAS Classification	**Premiums in the first year**	**Premiums in subsequent years**	**Single premiums**	**Total**
Supplementary	59	6.090	-	6.149
Indirect business	5.225	-	-	5.225
Insurance	36.999	89.792	-	126.791
Investment DPF	1.806.001	59.553	-	1.865.554
Grand total	**1.848.284**	**155.435**	**-**	**2.003.719**
Investment	476.222	9.426	-	485.648
Grand total	**2.324.506**	**164.861**	**-**	**2.489.367**

Direct gross premiums by business line				
PRAMERICA LIFE S.P.A.				
IAS Classification	**Premiums in the first year**	**Premiums in subsequent years**	**Single premiums**	**Total**
Supplementary	4	198	-	202
Indirect business	-	-	-	-
Insurance	8.369	62.473	8.815	79.657
Investment DPF	-	-	62.231	62.231
Grand total	**8.373**	**62.671**	**71.046**	**142.090**
Investment	-	-	-	-
Grand total	**8.373**	**62.671**	**71.046**	**142.090**

The table below shows the concentration of technical provisions of direct gross business in the life segment by level of guarantee offered at the level of the Group and of individual companies.

(amounts in Euro million)

Life segment insurance provisions by yiel guarantee					
Eurovita Group		**Eurovita S.p.A.**		**Pramerica Life S.p.A.**	
	Direct Business December 2019		**Direct Business December 2019**		**Direct Business December 2019**
Reserves with interest rate guarantees	10.543,18	Reserves with interest rate guarantees	9.363,90	Reserves with interest rate guarantees	1.179,28
from >= 0% to <=1%	**5.762,37**	**from >= 0% to <=1%**	**5.445,61**	**from >= 0% to <=1%**	**316,76**
from >1% to <=2%	**3.421,26**	**from >1% to <=2%**	**2.744,10**	**from >1% to <=2%**	**677,16**
from >2% to <=3%	**553,77**	**from >2% to <=3%**	**413,87**	**from >2% to <=3%**	**139,90**
from >3% to <=4%	**805,77**	**from >3% to <=4%**	**760,31**	**from >3% to <=4%**	**45,46**
Over 4%	**-**	**Over 4%**	**-**	**Over 4%**	**-**
Reserve for mortality risk	73,48	Reserve for mortality risk	50,23	Reserve for mortality risk	23,25
Reserves linked to specific assets	26,66	Reserves linked to specific assets	26,66	Reserves linked to specific assets	-
Unit-Linked Reserves	125,27	Unit-Linked Reserves	125,27	Unit-Linked Reserves	-
Other Technical reserves	359,14	Other Technical reserves	340,05	Other Technical reserves	19,09
Shadow accounting reserve	934,50	Shadow accounting reserve	720,62	Shadow accounting reserve	213,87
VIF - Value in force	170,07	VIF - Value in force	170,07	VIF - Value in force	-
Total	**12.232,30**	**Total**	**10.796,80**	**Total**	**1.435,49**

3 Risk of Counterparty Default

The risk of Counterparty Default (or "credit risk", or "default risk") reflects the possible losses due to unexpected defaults or deterioration of the creditworthiness of the Group's Companies' counterparties and creditors in the following 12 months. Credit risk sets apart at least three types of exposures subject to default, namely:

- the default of banking institutions where current accounts are held;
- the default of reinsurance companies;
- the default of other counterparties, including issuers of risk mitigation contracts, including vehicle companies, insurance securitization, and derivatives.

The Companies periodically monitor the exposure to this risk and have certain management strategies in place, such as the setting by the Board of Directors of specific limits for the insolvency risk of financial intermediaries and quality, commitment, and solvency criteria with regard to the insolvency risk of reinsurers. The reinsurers with whom the Companies operate must, in general, meet criteria of quality, commitment, and solvency; the Company's reinsurance policy is generally oriented towards prudent hedging of exposures to avoid unwanted risk concentrations.

The insolvency risk of financial brokers (bank exposures) is monitored and checked on a monthly basis as part of the monitoring of investments.

4 Other Risks

The Group's Risk Management System, in line with the provisions of I.V.A.S.S. Regulation No. 38/2018 and the Solvency II Directive, provides for the detection, assessment, and treatment of any other risks that, while not attributable to the categories referred to above, are deemed potentially detrimental to the achievement of the Group's objectives.

Therefore, an analysis is performed of the types of risk not included in the classifications illustrated above, including operational risk, legal compliance risk, strategic risk, and reputational risk. For these risks, the assessment of which is mostly qualitative, the Companies have set up a management system that is considered suitable for containing the same at an acceptable level.

Operational risk is defined as the risk of suffering losses arising from the inadequacy or malfunction of processes, human resources, and internal systems, or due to external events. Risk management is essentially delegated to the business line managers, who are called to find and implement mitigation actions.

In relation to IT systems, the security, access, continuity, and performance requirements are guaranteed and integrated with the Disaster Recovery Plan system, which is geographically distant from the headquarters. Both Companies have a Disaster Recovery Plan in place that represents a specific strategic plan aimed at minimizing the loss of information and time for restoring corporate information in particularly critical situations; this plan defines the set of technology measures suitable for restoring systems, data, and infrastructures necessary for the provision of services as a result of catastrophic events.

With regard to the measurement of operational risk and the setting of the relevant capital absorption, the Group uses the standard formula method defined by EIOPA (in the Solvency II system). In addition to these assessments, both Companies have adopted a Risk & Control Self-Assessment (RCSA) approach in order to control, mitigate and monitor operational risks. The implementation of this framework presents different maturity levels within the Group and the Risk Management department will put in place specific actions to ensure an adequate level of convergence and homogeneity. In particular, the departments in the first line, supported by the Risk Management Department, are called to regularly identify the main risk events to which the Companies could be exposed, assess them in terms of likelihood of occurrence and in terms of economic impact, as well as to find adequate mitigation actions in the event that the risk level incurred is considered unacceptable. The assessments conducted in financial year 2019 showed that the main sources of operational risk for both Companies are attributable to data quality issues in the portfolio systems used, possible malfunctions of the information systems deriving from the integration initiatives in progress, possible data confidentiality breaches associated with cyber attacks, and malfunctions in the investment cycle for unit-linked policies.

Strategic risk is defined as the current or prospective risk of a drop in profits or capital arising from external factors, such as insurance market, competitors, and customers, or internal factors, such as business strategy, and the achievement of strategic objectives set by the Board of Directors. Senior Management, with the support of the Risk Management Department and other departments involved, is responsible for detecting and assessing risks and setting out the actions and resources necessary for their management. The ongoing adoption of measures ensures the achievement of business objectives and strategic objectives, as well as a continuous assessment of the effectiveness of such measures.

Reputational risk is defined as the risk of deterioration of the corporate image and increased conflict with policyholders also due to the poor quality of services offered, the placement of inadequate policies, or the behavior of the sales network.

This risk is managed and monitored through the risk of non-compliance with rules, or the risk deriving from non-compliance with legislation, regulations, or measures of the Supervisory Authority, with the resulting possibility of incurring judicial or administrative penalties, or suffering losses resulting from reputational damage.

Transactions with Related Parties

1. Legal Framework

“Related parties” are parties defined as such by the International Accounting Standard IAS 24 concerning the financial statement disclosures on transactions with related parties.

In drafting this section of the Explanatory Notes, reference should be made to the applicable statutory provisions, the standard IAS 24, and the applicable provisions contained in I.V.A.S.S. Regulation No. 30 of 26 October 2016. Following the issuance thereof, intercompany transactions are defined by the “Policy for the Management of Intercompany Transactions”, while transactions with related parties are governed by the “Policy for the Management of Transactions with Related Parties”.

Both documents were presented and approved by the Board of Directors on 19 December 2019 and are reviewed at least annually.

2. Management of Transactions with Related Parties

In accordance with the procedures and timeframe set out in the "Policy for the Management of Transactions with Related Parties", the appointed department provides the Chief Executive Officer, the Audit Committee, Internal Control and Risk, the Board of Directors, the Board of Statutory Auditors, and the Supervisory Body with adequate information regarding any transactions related party.

In particular, in case of transactions with related parties carried out by one of the entities as defined in the "Policy for the Management of Transactions with Related Parties", a timely notice (referred to as transaction notice) must be sent to the appropriate corporate body containing the following information: a) characteristics of the transaction; b) whether the transaction was directly ordered by the Company or through a subsidiary company; c) information on the effective / potential counterparty and whether it is a Related Party; d) classification of the transaction on the basis of the categories set out in the Policy and reasons underlying the classification (e.g. whether it is a transaction of major / minor importance); e) any elements that make it possible to link the transactions to a Framework Resolution; f) information as to the value of the transaction and tentative timeframe of commencement; for transactions of a non-negligible amount, the Transaction Notice should also contain: g) objective evidence confirming the fact that the transaction has been concluded on terms equivalent to market or standard conditions; h) reasons underlying the classification of the transaction.

The corporate body in charge, as a result of the information received, will perform checks with reference to the classification of the transaction and completeness of the documentation received. It will also support the corporate department involved in preventative monitoring activities for the approval of transactions and will launch the approval process required for significant and very significant transactions, notifying the Chief Executive Officer and/or the Chairman of the Audit Committee, Internal Control & Risk, who will, upon receipt of this communication, provide for the convening of the Committee for the purpose of issuing a non-binding opinion.

Transactions with related parties carried out by the Company must be recorded in a specific list, the management and keeping methods of which are set out in the Policy.

2.1. Transactions with Related Parties to be Submitted to the Examination and Prior Approval of the Board of Directors

The most significant transactions with a value, considering each individual transaction, equal to or greater than €5 million will be submitted to the prior examination and approval of the Audit Committee, Internal Control & Risk, and the Board of Directors of the Company.

In particular, the Committee will, after receiving the documentation and information, examine the transaction and issue a reasoned opinion to the Board of Directors on the Company's interest (and on the subsidiary's interest for any transactions carried out through the same) in carrying out the transaction, as well as on the cost-effectiveness and substantial fairness of the relevant conditions.

If the Committee has expressed a reasoned opinion that is not favorable to the completion of the transaction, the Board of Directors may: i) approve the transaction in compliance with the conditions set by the Committee; ii) approve the transaction (despite the Committee's contrary opinion) stating the relevant reasons with clear and substantiated arguments appropriate to justifying the objective cost-effectiveness for the firm to proceed with the conclusion of the transaction, supported, if appropriate, by the opinion of third-party consultants; iii) not approve the transaction. In any case, any resolution approving the transaction must acknowledge the proper adoption of the Policy and provide an adequate reason as to the Company's interest in carrying it out, as well as the cost-effectiveness and substantial correctness of the relevant conditions.

For transactions of lesser importance, the documentation will be sent to the Chief Executive Officer, who will examine the transaction and authorize it if this falls within the powers granted to the same or, in cases where the transaction does not fall within its powers, or in the event that the latter considers it appropriate, an opinion is given to the Committee on the Company's interest in carrying out the transaction, so that the same Committee may refer the relevant assessment and decision to the decision-making body. In any case, any resolutions approving the transaction must provide adequate reasons regarding the Company's interest in carrying it out, as well as the cost-effectiveness and substantial correctness of the relevant conditions. In case of approval of the Chief Executive Officer, the decision will be noted in specific reports.

3. Transactions with Related Parties Conducted during the Year

Pursuant to the applicable provisions on the subject, it should be noted that during financial year 2019 the following transactions between related parties of a significant nature were identified:

- On 27 March 2019, the Parent Company Eurovita Holding S.p.A. made a capital payment of €27.4 million to the subsidiary Eurovita S.p.A. This transaction was carried out to allow the subsidiary to achieve a Solvency Ratio in line with the Risk Appetite Framework;
- On 20 September 2019, the boards of directors of the Company and of the subsidiary Eurovita S.p.A. approved an intercompany cash-pooling agreement. Following the temporary block of dividends specified in the Capital Policy, the Company could not receive liquidity, in terms of dividends, to meet overhead costs. Therefore, this transaction ensures company the availability of cash to the Holding, if necessary and when necessary. In addition, this transaction made it possible to optimize cash management at each Group entity and to reduce banking costs in relation to the counterparty's larger size;
- On 16 December 2019, Eurovita Holding S.p.A. made a capital payment of €30.3 million to the subsidiary Eurovita S.p.A. This transaction was part of the acquisition by Eurovita S.p.A. of the entire share capital of the insurance company Pramerica Life S.p.A. following the release of the relevant authorization by I.V.A.S.S.

All the aforementioned transactions were carried out at market conditions.

Please refer to the Directors' Report on Operations for the identification of additional intercompany transactions with related parties in the financial year under review.

Information on the Consolidated Balance Sheet and Income Statement

The consolidated Financial Statements were prepared in a comparative form showing the corresponding values of the previous financial year.

In this regard, it should be noted that the income statement data of the two financial years are comparable while the balance sheet data are affected by the acquisition of the company Pramerica Life S.p.A., which took place on 18 December 2019.

For this reason, for balance sheet items, a comparison will be made between the two financial years on a like-for-like basis (therefore including the companies Eurovita Holding S.p.A., Eurovita S.p.A. and Agenzia Eurovita S.r.l.) and at the same time a summary table that will also include the contribution of the companies Pramerica Life S.p.A. and Pramerica Marketing S.r.l.

For a better understanding, a brief summary of the extraordinary transactions that took place in the latest financial years is given below.

During 2017, the company Ergo Previdenza S.p.A. carried out two acquisition transactions. On 9 January 2017, subject to I.V.A.S.S. authorization by Measure No. 0228541/16 of 7 December 2016, the acquisition of the entire share capital of Old Mutual Wealth Italy S.p.A. (hereinafter also referred to as "Old Mutual" or "OMWI") was concluded, while on 11 August 2017, subject to I.V.A.S.S. authorization issued by Measure No. 0150511/17 of 3 August 2017, the acquisition of the share capital of Eurovita Assicurazioni S.p.A. (hereinafter also "EVA") was completed. Following the authorization by I.V.A.S.S., the merger of Old Mutual Wealth Italy S.p.A. and Eurovita Assicurazioni S.p.A. into Ergo Previdenza S.p.A., which at the same time took the business name of Eurovita S.p.A., became effective on 31 December 2017.

Lastly, on 18 December 2019, the subsidiary Eurovita S.p.A., following authorization from I.V.A.S.S., completed the acquisition of the entire share capital of the company Pramerica Life S.p.A. from the Prudential Group.

Balance Sheet - Assets

1. Intangible Assets

1.1 Goodwill

The item Goodwill includes the value thereof generated following the acquisition of the insurance company Old Mutual Wealth Italy S.p.A. in 2017.

(amounts in Euro thousand)

	31/12/19	31/12/18
Eurovita S.p.A.	22.050	22.050
Total	**22.050**	**22.050**

The surplus of the acquisition cost of the shareholding of Old Mutual Wealth Italy S.p.A., compared to the share at fair value of assets and liabilities, was accounted for as goodwill and represents a payment made in anticipation of future economic benefits arising from assets that cannot be identified individually and were recorded separately.

The Company carried out an impairment test on this asset with an indefinite useful life that confirmed the book value. Therefore, the asset was not written down.

Furthermore, this valuation was supported by the evidence characterizing the 2019 management. With reference to events following the reporting date of financial year 2019, it should be noted that despite what has been described in the paragraph relating to possible effects deriving from Covid-19, the analysis of sensitivities conducted, the positive business trend in the first weeks of 2020 and the forecasts for the entire financial year do not show elements of significant discontinuity such as to affect the past measurement.

1.2 Other Intangible Assets

The item Other intangible assets was made up as follows:

(amounts in Euro thousand)

	31/12/19	31/12/18
Eurovita S.p.A.	70.742	84.991
Agenzia Eurovita	363	461
Eurovita Holding S.p.A.	168.762	129.940
Total	**239.867**	**215.392**

The item, equal to €239,867 thousand (€215,392 thousand in 2018) shows an increase of €24,475 thousand compared to 2018, as detailed below.

All intangible assets have a definite useful life.

The following table illustrates the changes in the aforementioned item during the closing year:

(amounts in Euro thousand)

TOTAL IAS CONSOLIDATION	GROSS VALUE 31.12.2018	INCREASE	DECREASE	GROSS VALUE 31.12.2019	ACC. AMORT.	NET VALUE 31.12.2019
EXPANSION COSTS	-	-	0	-	-	-
VIF	286.242	60.312	0	346.554	-108.418	238.136
SOFTWARE	4.761	64	0	4.825	-4.725	100
RECOVERIES	980	58	0	1.038	-691	347
ASSETS IN PROGRESS	3.823	-	-1.227	2.596	-1.313	1.284
TOTAL	**295.806**	**60.434**	**-1.227**	**355.013**	**-115.147**	**239.867**

Amortization was calculated on the basis of the following rates considered representative of the useful life of each category:

Income expenses for third party assets:	12.50%
Start-up and expansion costs:	20%
Plant and equipment:	10%
Concessions and licenses:	20%
Software:	20%

Intangible assets recognized include:

- recognition of VIF (Value in force) following the acquisition of the former Ergo Italia Group on 30 June 2016 (€159.3 million). The relevant amortization charge (€21.5 million) was set using the actual release of provisions.
- recognition of VIF deriving from the acquisition of the former company Old Mutual Wealth Italy S.p.A. and related recognition of its gross VIF, equal to €126,985 thousand, and related amortization of €13.1 million, calculated using the actual release of provisions.
- recognition of VIF resulting from the acquisition of the company Pramerica Life S.p.A. for the an overall amount of €60.3 million;
- the residual component mainly refers to software and other assets under construction;
- with regard to the subsidiary Agenzia Eurovita S.r.l., it should be noted that the intangible assets refer to the net value of recoveries charged by the client companies for €347 thousand for the assignment of the insurance portfolio.

The breakdown of Other intangible assets (Item 1.2 Assets) separately specifying assets recognized at cost and those recognized at the restated value, or at fair value, is provided in the mandatory attachments, as per I.S.V.A.P. Regulation No. 7/2007.

2. Tangible Assets

2.1 Real Estate

The item includes the valuation of “Right of use” deriving from the lease contracts of real properties that house the units and offices of the companies falling within the Group’s scope of consolidation, in accordance with the new Accounting Standard IFRS 16 “Lease”. Details are provided below:

(amounts in Euro thousand)

	31/12/19	31/12/18
Eurovita S.p.A.	19.798	-
Pramerica Life S.p.A.	3.526	-
Total	**23.324**	**0**

2.2 Other Tangible Assets

Starting from financial year 2019, the item includes the valuation of “Right of use” deriving from the long-term rental contracts for cars granted to employees of the Companies falling within the Group’s scope of consolidation.

The breakdown of the item by Company is given below:

(amounts in Euro thousand)

	31/12/19	**31/12/18**
Eurovita S.p.A.	560	466
Agenzia Eurovita	1	2
Eurovita Holding S.p.A.	49	38
Pramerica Life S.p.A.	498	n.a
Pramerica Marketing S.r.l.	104	n.a
Total	**1.212**	**506**

(amounts in Euro thousand)

TOTAL IAS CONSOLIDATION (consolidation scope 2018)	GROSS VALUE 31.12.2018	INCREASE	DECREASE	GROSS VALUE 31.12.2019	ACC. AMORT.	NET VALUE 31.12.2019
CARS	-	316	-	316	-96	220
FURNITURE AND FIXTURES	271	-	-	271	-161	110
ELECTRONIC MACHINES	1.357	-	-966	391	-488	-97
PLANTS AND EQUIPMENT	551	-	-20	531	-196	335
SUNDRY ACC. OF REAL PROPERTY	42	-	-	42	-	42
TOTAL	**2.221**	**316**	**-986**	**1.551**	**-941**	**610**

(amounts in Euro thousand)

	NET VALUE 31.12.2019 (scope consolidation 2018)	NET VALUE 31.12.2019 - PRAMERICA ASSETS	TOTAL IAS CONSOLIDATION 31.12.2019
CARS	220	148	368
FURNITURE AND FIXTURES	110	39	149
ELECTRONIC MACHINES	-97	364	267
PLANTS AND EQUIPMENT	335	51	386
SUNDRY ACC. OF REAL PROPERTY	42	-	42
TOTAL	**610**	**602**	**1.212**

The fair value, considered equal to the value in use, is provided in the appropriate attached table, with information on the corresponding value of the previous financial year.

Depreciation was calculated on the basis of the following tax rates considered representative of the useful life of each category:

Furniture:	12%
Electronic machines:	20%
Plant and equipment:	10%

The further disclosure required by Accounting Standard IFRS 16 “Lease” is given below:

i. Right-of-use Assets and Liabilities

The item, deriving from the adoption of IFRS 16, represents the right to use the assets underlying the contracts entered into by the company for the lease of properties used as offices and for the rental of cars.

ii. Right-of-use Assets

(amounts in Euro thousand)

	BUILDING	CARS	TOTAL
Balance at January 1st, 2019	25.241	540	25.781
Depreciation for the year	-1.917	-172	-2.088
Increase for Right of Use	-	-	-
Disposal assets for Right of Use	-	-	-
Balance at December 31, 2019	**23.324**	**368**	**23.692**

iii. Amounts recognized in profit (loss) for the year

(amounts in Euro thousand)

	TOTAL 2019
Depreciation of assets for Right of Use	2.088
Interest expenses on leasing liabilities	530
Costs on short-term or modest value on leases	115
Total impact on p&L	**2.734**

Short-term lease costs (i.e. contracts expiring on or before 31 December 2019) or relating to assets with a low unit value (less than €5 thousand) concerned cars, printers and monitors installed at the companies' offices included in the Group's scope of consolidation.

For the sake of completeness, it should be noted that, at year end, no impairment was recognized on "Right-of-Use" items recognized in the financial statements.

iv. Right-of-Use Liabilities

The following table shows the maturity dates of lease liabilities:

(amounts in Euro thousand)

	Value at 31.12.2019	Contractual financial flows	of which: by 1 year	of which: from 1 to 5 years	of which: over 5 years
Liabilities for Right of Use	23.908	25.254	2.404	6.185	16.665

3. Technical Provisions Borne by Reinsurers

Technical provisions borne by reinsurers, including business ceded and retroceded, amounted to €771,275 thousand (€1,227,589 thousand in 2018), with a total decrease of €456,314 thousand compared to 31 December 2018 (decrease of €456,841 only considering reinsurance provisions borne by the company Eurovita S.p.A.), due to the onset of the maturity of a significant generation being reinsured.

(amounts in Euro thousand)

	Total value at 31/12/2019	Pramerica's value at 31/12/2019	Value at 31/12/2019 (scope consolidation 2018)	Value at 31/12/2018	change on scope consolidation 2018
Mathematical Provisions	635.529	141	635.388	1.119.899	-484.511
Provisions for complementary insurance	1.143	-	1.143	1.792	-649
Outstanding claims provisions	133.970	-	133.970	105.640	28.330
Provisions for profit sharing	248	-	248	258	-10
Claims reserve - Non-life business	308	308	-	-	-
Unearned premium reserve - Non-life business	78	78	-	-	-
Total Amounts ceded to reinsurers from insurance provisions	**771.275**	**527**	**770.748**	**1.227.589**	**-456.841**

The performance of the technical provisions borne by reinsurers reflects the evolution of the recurring annual premium portfolio and of the temporary death and supplementary policies. The actuarial reserves borne by reinsurers were calculated by applying the same criteria used for gross provisions.

Premium provisions on supplementary policies refer to accident and permanent disability coverage and were calculated by applying the *pro-rata basis* criterion adopted for gross provisions.

The increase in the provisions for sums to be paid is due to the presence of a greater number of expiring policies compared to the end of the previous financial year.

As shown in the table above, the item also includes provisions transferred to the Non-Life business belonging to the company Pramerica Life S.p.A. for a total amount of €386 thousand. These provisions refer to the reinsurance company RGA (Reinsurance of America) entirely.

The result of the ceded technical account is analyzed below, including the change in technical provisions, sums paid, profit shares, and commissions paid by reinsurers on the sum of the premiums ceded (amounts in Euro thousand):

(amounts in Euro thousand)

	Value at 31/12/2019	Value at 31/12/2018	Change
Change in technical provisions ceded	**-456.841**	-295.399	-161.442
Premiums earned ceded	**-29.574**	-53.200	23.626
Commissions received from reinsurers	**4.061**	6.806	-2.745
Profit sharing and other technical charges / income	**2.831**	4.279	-1.448
Amounts paid borne by reinsurers	**502.036**	369.876	132.160
Interest expense	**-29.456**	-45.339	15.883
Technical result ceded	**-6.943**	**-12.977**	**6.034**

The result of the ceded technical account was a negative €6.94 million, i.e. an improvement of €6.03 million compared to the previous year, mainly due to a decrease in interest expense on deposits caused by the decrease in provisions being ceded.

The technical provisions borne by reinsurers are covered at 81.0% by deposits of the same reinsurers.

4. Investments

4.4 Loans and Receivables

The following table shows the breakdown of Loans and Receivables, totaling €744,373 thousand, by type of investment compared with the corresponding values at the end of the previous financial year (€470,474 thousand in 2018):

(amounts in Euro thousand)

	31/12/2019 (scope consolidation 2018)		31/12/18		Change	
	Book value	Fair Value	Book value	Fair Value	Book value	Fair Value
Other loans and receivables	**19.804**	**19.804**	32.427	32.427	-12.623	-12.623
Debt securities	**645.365**	**630.447**	360.707	356.310	284.658	274.137
Deposits with reinsurers	**74.521**	**98.211**	77.340	88.303	-2.819	9.908
Total Loans and Receivables	**739.689**	**748.462**	**470.474**	**477.040**	**269.215**	**271.422**

(amounts in Euro thousand)

	Pramerica's value at 31/12/2019		31/12/2019 (scope consolidation 2018)		Total value at 31/12/2019	
	Book value	Fair Value	Book value	Fair Value	Book value	Fair Value
Other loans and receivables	**4.684**	**4.684**	19.804	19.804	24.487	24.487
Debt securities	**-**	**-**	645.365	630.447	645.365	630.447
Deposits with reinsurers	**-**	**-**	74.521	98.211	74.521	98.211
Total Loans and Receivables	**4.684**	**4.684**	**739.689**	**748.462**	**744.373**	**753.145**

In particular, it should be noted that the item Loans and receivables includes:

- loans and other lending facilities amounting to a total of €23,857 thousand, which includes €22,394 thousand relating to loans on policies (€4,684 thousand regarding to the company Pramerica Life S.p.A.);
- net recoveries from agents of €630 thousand;
- deposits with ceding institutions for a total of €74,521 thousand;
- debt securities, including the related accrued income of €645,365 thousand.

Debt securities comprise private placement issues and unlisted bonds of €592,651 thousand (including repurchase agreements in place with Italian banking institutions with underlying Italian government securities of €29,248 thousand and fixed-rate bonds issued by SPV Spire with Government bond underlying of €348,093 thousand).

At year end, this asset category had a latent net capital loss of €14,918 thousand.

4.5 Financial Assets Available for sale

The breakdown of financial assets available for sale classified by type of investment is shown in the following table compared with the corresponding values at the end of the previous financial year:

(amounts in Euro thousand)

	31/12/2019 (scope consolidation 2018)				31/12/18			
	Amort. cost	**Book value**	**Equity Reserve**	**Fair Value**	**Amort. cost**	**Book value**	**Equity Reserve**	**Fair Value**
Debt securities	**8.193.886**	**8.853.795**	**659.908**	**8.853.795**	8.131.831	8.040.268	-91.563	8.040.268
of which, listed	*8.154.723*	*8.816.520*	*661.797*	*8.816.520*	*8.100.091*	*8.008.549*	*-91.542*	*8.008.549*
UCI / ETF units	**1.296.286**	**1.318.429**	**22.143**	**1.318.429**	1.106.854	1.073.838	-33.016	1.073.838
Equity securities at fair value	**21.737**	**21.001**	**-735**	**21.001**	26.678	26.628	-50	26.628
of which, listed	-	-	-	-	-	-	-	-
of which, not listed	*21.737*	*21.001*	*-735*	*21.001*	*26.678*	*26.628*	*-50*	*26.628*
Total Financial Assets AfS	**9.511.909**	**10.193.225**	**681.316**	**10.193.225**	**9.265.363**	**9.140.734**	**-124.629**	**9.140.734**

	Pramerica's value at 31/12/2019				31/12/2019 (scope consolidation 2018)				Total value at 31/12/2019			
	Amort. cost	**Book value**	**Equity Reserve**	**Fair Value**	**Amort. cost**	**Book value**	**Equity Reserve**	**Fair Value**	**Amort. cost**	**Book value**	**Equity Reserve**	**Fair Value**
Debt securities	**1.486.183**	**1.486.183**	**-**	**1.486.183**	8.193.886	8.853.795	659.908	8.853.795	8.193.886	8.853.795	659.908	8.853.795
of which, listed	*1.486.183*	*1.486.183*	*-*	*1.486.183*	*8.154.723*	*8.816.520*	*661.797*	*8.816.520*	*8.154.723*	*8.816.520*	*661.797*	*8.816.520*
UCI / ETF units	**-**	**-**	**-**	**-**	1.296.286	1.318.429	22.143	1.318.429	1.296.286	1.318.429	22.143	1.318.429
Equity securities at fair value	**-**	**-**	**-**	**-**	21.737	21.001	-735	21.001	21.737	21.001	-735	21.001
of which, listed	-	-	-	-	-	-	-	-	-	-	-	-
of which, not listed	-	-	-	-	*21.737*	*21.001*	*-735*	*21.001*	*21.737*	*21.001*	*-735*	*21.001*
Total Financial Assets AfS	**1.486.183**	**1.486.183**	**-**	**1.486.183**	**9.511.909**	**10.193.225**	**681.316**	**10.193.225**	**9.511.909**	**10.193.225**	**681.316**	**10.193.225**

Financial assets available for sale totaled €11,679 million, an increase compared to €9,141 million at the end of 2018.

The investment in Debt securities consists of fixed or floating rate bonds issued by government issuers, supranational financial institutions, and leading international issuers, and is totally concentrated in issues denominated in Euros. The investment activity was mainly directed towards government bonds and corporate issues of both core and peripheral European countries in search of returns consistent with the commitments to policyholders, paying particular attention to the quality of assets with the aim of containing the decline in profitability. In particular, after the positions acquired through the new company Pramerica Life S.p.A., the exposures to Italian government bonds were substantially unchanged, while exposures to Spanish and Portuguese government bonds slightly increased thereby confirming the Group's marked attention to portfolio diversification. Investments met the requirements of corporate directives and were characterized by durations almost entirely consistent with ALM requirements.

The Equity Reserve on debt securities (understood as the difference between amortized cost and fair value) was equal to €659,908 thousand at 31 December 2019 (a negative €91,563 thousand at the end of the previous financial year). The performance of the Equity Reserve benefited from a significant decrease in interest rates in 2019, as well as from a significant improvement in the spread level of Italian government bonds (with the German government bonds), to which the direct bond component is linked, having an average duration of 9.0 years for the Eurovita S.p.A. portfolio and equal to 11.6 years for the Pramerica Life S.p.A. portfolio.

“UCI / ETF Units”, amounting to €1,318,429 thousand, represent a variety of investment categories that include monetary stocks / shares (€68,464 thousand), investment grade and high-yield bonds (€600,232 thousand), open-end debt loans (€44,124 thousand), and other types of closed-end funds or funds with a limited-entry window (€605,609 thousand); the latter are diversified between Private Equity, Infrastructure Equity, Real Estate Equity, Infrastructure Debt, Real Estate Debt, Loan Debt, and Direct Lending subdivided into over 33 specialized instruments. The Equity Reserve of the category (a positive €22,143 thousand) recovered substantially with respect to the end of the previous financial year due to the good performance of High Yield and Emerging Debt markets being confirmed.

The item Equity securities at fair value constitutes a residual weight in line with the policy of limiting equity risk. This feature remained valid including during the year 2019 with a portfolio that consisted of shares of Italian banking institutions and other unlisted financial companies linked to the Company through distribution agreements, as well as 280 shares of the Bank of Italy (€7,000 thousand).

Through the impairment test procedure, the Company verified whether there were the conditions to justify the recognition of permanent losses in value on a final basis. At 31 December 2019, write-downs of bank investments for €4,831 thousand (€932 thousand in 2018) and of FIA shares for €1,244 thousand (€7,317 thousand in 2018) were recognized, the latter being mainly related to Real Estate Equity funds (€673 thousand).

4.6 Financial Assets Measured at Fair Value through Profit or Loss

Financial assets measured at fair value through profit or loss by type of investment are detailed in the table below, which compares the corresponding values at the end of the previous financial year.

(amounts in Euro thousand)

	31/12/2019 (consolidation scope 2018)	31/12/18	Change
Hedge derivatives	32.512	11.595	20.917
Non-hedge derivatives	5.559	1.477	4.082
Debt securities	9.908	9.965	-57
of which, listed	*4.856*	*5.387*	*-531*
of which, not listed	*5.052*	*4.578*	*474*
Equity securities at fair value	-	-	-
of which, listed	-	-	-
Assets held for trading	***47.979***	***23.037***	***24.942***
Debt securities	85.729	89.589	-3.860
of which, listed	*85.729*	*89.559*	*-3.830*
of which, not listed	-	*30*	*-30*
UCI / ETF units	6.701.666	6.549.802	151.864
Equity securities at fair value	3.000	3.116	-116
of which, listed	-	*116*	*-116*
of which, not listed	*3.000*	*3.000*	-
Other Financial investments	35.675	20.272	15.403
Assets designated at fair value	***6.826.070***	***6.662.779***	***163.291***
Total Financial Assets at Fair Value through P&L	**6.874.049**	**6.685.816**	**188.233**

Financial assets measured at fair value through profit or loss totaled €6,874,049 thousand, an increase compared to 201, when they stood at €6,685,816 thousand.

Among the investments held for trading, the item Debt securities includes structured bonds for which it was decided not to proceed with the accounting separation of embedded derivatives (€9,908 thousand) in addition to derivative components (€5,493 thousand) separated from structured products classified under Loans and Receivables. The item “Hedge derivatives” refers to the positive positions of the forward hedge contracts entered into during 2017 (€32,512 thousand), a drop of €46,308 thousand overall with respect to the previous financial year if considered after the item recognized under Financial Liabilities for contracts with a negative value, following the volatility of the spread over Italian government securities; the related change in fair value was booked to shareholders’ equity in the item Reserve for expected cash flow hedges. During 2019, six forward contracts expired, which led to the related changes in the underlying bonds classified under the item Assets available for sale.

The item Financial assets designated at fair value includes investments for the benefit of life policyholders who bear the risk thereof (comprising 117 internal unit-linked funds divided into 172 classes and 1,521 external unit-linked funds), which totaled €6,826.1 million at 31 December 2019 (€6,662.8 million in 2018). The item increased due to being affected, among other things, by the positive market trend during the year, to which portfolios are linked.

The following is a restatement of the overall bond portfolio by issuer risk (without considering the amount related to “Financial assets at fair value through P&L”):

(amounts in Euro thousand)

	Breakdown of debt securities by issuer risk				
	Nominal Value	Amortized cost	Book value	Equity reserve	Fair Value
ITALIAN GOVERNMENT	3.520.452	4.169.363	4.431.479	-262.117	4.431.479
SPANISH GOVERNMENT	849.261	951.554	1.067.697	-116.144	1.067.697
PORTUGUESE GOVERNMENT	757.696	867.561	973.428	-105.867	973.428
FRENCH GOVERNMENT	383.535	393.188	418.276	-25.088	418.276
SPIRE - SINGLE PLATFORM INV.REPAC ENTITY	347.000	348.093	348.093	0	328.152
BELGIAN GOVERNMENT	264.500	291.338	331.332	-39.994	331.332
IRISH GOVERNMENT	271.130	285.068	303.761	-18.693	303.761
COMMUNITY OF MADRID	107.397	121.829	128.840	-7.011	128.840
JUNTA DE CASTILLA Y LEON	109.000	114.172	121.298	-7.126	121.298
DEXIA CREDIT LOCAL	110.900	114.079	116.655	-2.576	116.655
FINNISH GOVERNMENT	88.385	97.880	99.736	-1.855	99.736
UBI BANCA	93.445	96.852	97.956	-1.104	97.956
CAISSE FRANCAISE DE FINANCEMENT LOCAL	65.000	80.228	80.228	0	80.558
NRW BANK	60.000	75.823	75.823	0	76.256
AUSTRIAN GOVERNMENT	66.950	72.416	73.685	-1.269	73.685
SLOVAKIAN GOVERNMENT	52.532	59.858	62.731	-2.872	62.731
BANCO BILBAO VIZCAYA ARGENTARIA SA	50.000	60.276	62.287	-2.012	62.287
EUROPEAN INVESTMENT BANK	46.700	56.838	58.155	-1.317	58.155
ESPV SA	50.000	53.217	53.889	-673	53.889
OTHER ISSUERS =< €50M	1.902.091	2.025.710	2.089.900	-64.190	2.094.161
Total	**9.195.974**	**10.335.342**	**10.995.250**	**-659.908**	**10.980.332**

5. Sundry Receivables

5.1 Receivables Arising from Direct Insurance Transactions

The detailed tables of the item are given below (on a like-for-like basis compared to 2018 and including the contribution of the acquired company Pramerica Life S.p.A.):

(amounts in Euro thousand)

	Value at 31/12/2019 (scope consolidation 2018)	Value at 31/12/2018	change
Receivables from policyholders for late premium payments	**36.686**	53.593	-16.907
Receivables from insurance brokers	**7.273**	4.814	2.459
Total Receivables arising out of direct insurance operations	**43.959**	**58.407**	**-14.448**

(amounts in Euro thousand)

	Pramerica's value at 31/12/2019	Value at 31/12/2019 (scope consolidation 2018)	Total value at 31/12/2019
Receivables from policyholders for late premium payments	**2.908**	36.686	39.594
Receivables from insurance brokers	**0**	7.273	7.273
Total Receivables arising out of direct insurance operations	**2.908**	**43.959**	**46.867**

Receivables arising from direct insurance transactions amounted to €46,867 thousand, a decreased compared to €58,407 thousand in 2018.

In accordance with sector regulations, the balance of receivables from policyholders does not include receivables referring to premiums of subsequent years, of a seniority exceeding twelve months, as they are completely written down.

As required by I.S.V.A.P. Regulation No. 7/2007, receivables for recoveries were allocated among loans and receivables.

The balance of receivables shown above takes into account the allowance for doubtful accounts, respectively, of €5,119 thousand, for receivables from policyholders, and of €1,995 thousand for receivables from brokers.

For the sake of completeness, the following analytical tables are presented below showing changes in the Allowance for doubtful accounts and the breakdown thereof by company:

(amounts in Euro thousand)

Allowance for doubtful accounts	Value at 31/12/2019 (scope consolidation 2018)	Value at 31/12/2018	change
Receivables from policyholders for late premium payments	**5.018**	5.895	-878
Receivables from insurance brokers	**1.995**	2.200	-205
Total Allowance for doubtful accounts	**7.012**	**8.095**	**-1.083**

(amounts in Euro thousand)

Allowance for doubtful accounts	Pramerica's value at 31/12/2019	Value at 31/12/2019 (scope consolidation 2018)	Total value at 31/12/2019
Receivables from policyholders for late premium payments	**101**	5.018	5.119
Receivables from insurance brokers	**0**	1.995	1.995
Total Allowance for doubtful accounts	**101**	**7.012**	**7.113**

5.2 Receivables Arising from Reinsurance Transactions

This macro-item, regarding Eurovita S.p.A. entirely, includes the following:

(amounts in Euro thousand)

	Value at 31/12/2019	Value at 31/12/2018	change
Receivables reinsurance companies	**3.153**	4.357	-1.204
Receivables from reinsurance brokers	**423**	835	-412
Total Receivables arising out of reinsurance operations	**3.576**	**5.192**	**-1.616**

Receivables arising from reinsurance transactions went from €5,192 thousand at 31 December 2018 to €3,576 thousand. The item shows a total reduction of €1,616 thousand, closely linked to the reduction in assets being ceded.

5.3 Other Receivables

The following table details the relevant information by Company:

(amounts in Euro thousand)

	31/12/19	31/12/18
Eurovita S.p.A.	**31.452**	15.327
Agenzia Eurovita	**2**	599
Eurovita Holding S.p.A.	**26.976**	11.605
Pramerica Life S.p.A.	**2.930**	-
Pramerica Marketing S.r.l.	**698**	-
Total	**62.057**	**27.531**

This item mainly includes receivables from the tax authorities and receivables for invoices to be issued, payable within twelve months net of intercompany transactions.

The breakdown by type is shown below:

(amounts in Euro thousand)

	Value at 31/12/2019 (scope consolidation 2018)	Value at 31/12/2018	change
Tax credit	**45.319**	11.284	34.035
Receivables from financial operators	**9.969**	9.898	71
Other receivables	**3.142**	6.349	-3.207
Total Other receivables	**58.430**	**27.531**	**30.899**

(amounts in Euro thousand)

	Pramerica's value at 31/12/2019	Value at 31/12/2019 (scope consolidation 2018)	Total value at 31/12/2019
Tax credit	**96**	45.319	45.414
Receivables from financial operators	**0**	9.969	9.969
Other receivables	**3.532**	3.142	6.674
Total Other receivables	**3.627**	**58.430**	**62.057**

The following tables show the breakdown of tax receivables at 31 December 2019:

(amounts in Euro thousand)

	Value at 31/12/2019 (scope consolidation 2018)	Value at 31/12/2018	change
Receivables for prepaid tax stamp	**8.605**	1.758	6.846
Tax credit for refund claims	**3.367**	4.876	-1.509
Interest on tax credit for refund claims	**1.963**	1.963	0
Tax credit for IRES	**26.563**		26.563
Refund tax credit	**1.853**	-	1.853
Insurance tax credit	**2.512**	1.893	619
Other tax credit	**457**	794	-337
Total Tax Credit	**45.319**	**11.284**	**34.035**

Tax receivables claimed by the companies Pramerica Life S.p.A. and Pramerica Marketing S.r.l., totaling €96 thousand, refer instead to withholding tax credits of €8 thousand and other credits for the remaining €88 thousand.

Receivables from financial operators for €9,898 thousand refer to the financial rebates of management fees paid by financial advisers and were almost entirely collected in the first few months of the following financial year.

The following table shows the breakdown of Other receivables at 31 December 2019:

(amounts in Euro thousand)

	Value at 31/12/2019 (scope consolidation 2018)	Value at 31/12/2018	change
Trade receivables	**233**	859	-626
Sundry receivables	**1.371**	3.056	-1.685
Receivables for subscriptions	**2**	2	-0
Receivables for management fees	**1.295**	2.018	-723
Sundry receivables for Life payments	**241**	414	-173
Total Other receivables	**3.142**	**6.349**	**-3.207**

(amounts in Euro thousand)

	Pramerica's value at 31/12/2019	Value at 31/12/2019 (scope consolidation 2018)	Total value at 31/12/2019
Trade receivables	**241**	233	474
Sundry receivables	**2.774**	1.371	4.144
Receivables for subscriptions	**517**	2	519
Receivables for management fees	**-**	1.295	1.295
Sundry receivables for Life payments	**-**	241	241
Total Other receivables	**3.532**	**3.142**	**6.674**

6. Other Asset Components

6.2 Deferred Acquisition Costs

The following table details the relevant information by Company:

(amounts in Euro thousand)

	31/12/19	31/12/18
Eurovita S.p.A.	**41.659**	35.637
Pramerica Life S.p.A.	**12.238**	-
Total	**53.897**	**35.637**

The breakdown, which is only shown for the company Eurovita S.p.A. since the changes for the year regarding the company Pramerica Life S.p.A. had no impact on the Group's income statement, is as follows:

(amounts in Euro thousand)

	Value at 31/12/2018	Unwind due to renewal failure	Unwind for in-stallment amort.	New Business	Value at 31/12/2019
Direct business	35.637	2.778	4.813	13.612	**41.659**
Total Deferred Acquisition Costs	**35.637**	**2.778**	**4.813**	**13.612**	**41.659**

As can be inferred from the above breakdown, the change is mainly attributable to the acquisition transactions that took place during 2019.

6.3 Deferred Tax Assets

As required by the accounting standard IAS 12.74, deferred tax assets and liabilities were offset, as they referred to the same type of tax. For the year 2019, deferred taxes exceeded prepaid taxes, thus liabilities of €119,068 thousand were recognized (deferred tax liabilities of €45,070 thousand had been recognized in 2018).

6.4 Current Tax Assets

The following table details the relevant information by Company:

(amounts in Euro thousand)

	31/12/19	31/12/18
Eurovita S.p.A.	**298.128**	306.729
Agenzia Eurovita S.r.l.	**47**	3
Pramerica Life S.p.A.	**26.913**	-
Pramerica Marketing S.r.l.	**13**	-
Total	**325.100**	**306.732**

The breakdown of the item is instead shown below, together with information on changes compared to the previous financial year on a like-for-like basis:

(amounts in Euro thousand)

	Total value at 31/12/2019	Pramerica's value at 31/12/2019	Value at 31/12/2019 (scope consolidation 2018)	Value at 31/12/2018	change on scope consolidation 2018
I.R.E.S. (corporate income tax) credit	**2.358**	2.358	0	6.783	-6.783
I.R.A.P. (regional tax on productive activities) credit	**3.762**	477	3.285	0	3.285
Tax credit on Mathem. Provisions	**318.980**	24.091	294.890	299.946	-5.057
Total Current tax assets	**325.100**	**26.926**	**298.174**	**306.729**	**-8.555**

As shown in the table above, this item contains the tax credit for a total levy of €318,980 thousand on actuarial reserves provided for by Law-Decree No. 209 of 24-9-2002, converted into Law No. 265 of 22-11-2002, (including €294,890 thousand regarding Eurovita S.p.A. and €24,091 thousand regarding the newly acquired company Pramerica Life S.p.A.), credits for I.R.E.S. (corporate income tax) advance payments of €2,358 thousand, relating to the surplus of advances paid during 2019 and credits for I.R.A.P. advance payments of €3,762 thousand in total.

6.5 Other Assets

The following table details the relevant information by Company:

(amounts in Euro thousand)

	31/12/19	31/12/18
Eurovita S.p.A.	**101.773**	82.678
Eurovita Holding S.p.a.	**8**	-
Pramerica Life S.p.A.	**491**	-
Pramerica Marketing S.r.l.	**72**	-
Total	**102.344**	**82.678**

This macro-item may be broken down as follows:

(amounts in Euro thousand)

	Value at 31/12/2019 (scope consolidation 2018)	Value at 31/12/2018	change
Comm. to be amort. on invest. contracts	**52.567**	60.078	-7.512
Accrued income	**5.664**	5.310	354
Prepayments	**1.602**	920	682
Deferred income	**41.949**	16.370	25.578
Total Other assets	**101.781**	**82.678**	**19.103**

(amounts in Euro thousand)

	Pramerica's value at 31/12/2019	Value at 31/12/2019 (scope consolidation 2018)	Value at 31/12/2019 (scope consolidation 2018)
Comm. to be amort. on invest. contracts	**-**	52.567	52.567
Accrued income	**325**	5.664	5.989
Prepayments	**238**	1.602	1.840
Deferred income	**-**	41.949	41.949
Total Other assets	**563**	**101.781**	**102.344**

On a like-for-like basis, this item recorded an increase of €19,103 thousand compared to the same period of the previous financial year: this increase is mainly due to the combined effect of higher deposits on forward contracts for a total of €33,930 thousand, the decrease of €10,046 thousand on securities to be settled at the end of the year and the decrease of €7,512 in acquisition commissions to be amortized relating to contracts classified as Investments.

The change in acquisition costs to be amortized in relation to contracts classified as investments, which represent the most significant decrease, is shown below. This item mainly derives from the contribution of the former company OMWI, specialized in the marketing of Unit Linked products:

(amounts in Euro thousand)

Investment Products	31/12/18	Changes in portfolio	Unwind for installment amort.	New Business	31/12/19
DAC	60.078	2.185	15.618	10.292	**52.567**

Accrued income mainly refers to the accrual of management fees accrued at the end of the financial year, which mainly affect external funds.

7. Cash and Cash Equivalents

Cash and cash equivalents, €63,204 thousand, represent the balances of ordinary current accounts held with various banking institutions, checks in hand, and cash in hand.

The following table details the relevant information by Company:

(amounts in Euro thousand)

	31/12/19	31/12/18
Eurovita S.p.A.	**54.744**	60.821
Agenzia Eurovita	**1.337**	1.414
Eurovita Holding S.p.A.	**1**	15.661
Pramerica Life S.p.A.	**7.022**	-
Pramerica Marketing S.r.l.	**101**	-
Total	**63.204**	**77.897**

As is apparent from the above table, special attention was paid to the management of banking risk, which led to a general reduction of account balances and to diversifying individual exposures.

Again with a view to improving liquidity management, it should be noted that on 18 November 2019, after the related operations were commenced as of 27 November 2019, a “cash-pooling” agreement was entered into between the companies Eurovita Holding S.p.A. and Eurovita S.p.A. Among other things, this transaction will make it possible to achieve the following objectives:

- following the temporary blocking of dividend pay-outs as specified in the Capital Policy, the company Eurovita Holding S.p.A. could not receive liquidity, in terms of dividends, to meet overheads costs. Therefore, this transaction will ensure cash availability to the Holding Company, if necessary and when necessary;
- reduce banking costs in relation to the counterparty’s larger size.

8. Intercompany Financial Transactions

(amounts in Euro thousand)

BREAKDOWN OF INTERCOMPANY ITEMS AT 31.12.2019	Eurovita Holding S.p.A.	Eurovita S.p.A.	Agenzia Eurovita S.p.A.	Pramerica Life S.p.A.	Pramerica Marketing S.r.l.	Total
Assets						
Loans - Receivables						
Eurovita S.p.A.			380			380
Receivables arising out of direct insurance operations						
Eurovita S.p.A.			-396			-396
Other Receivables						
Eurovita Holding S.p.A.		10.596	246			10.842
Eurovita S.p.A.	27.297					27.297
Agenzia Eurovita S.p.A.	18	5.530				5.549
Pramerica Life S.p.A.					5	5
Pramerica Marketing S.r.l.				1.366		1.366
Total assets	**27.316**	**16.126**	**231**	**1.366**	**5**	**45.043**
Liabilities						
Provisions						
Eurovita S.p.A.			5.135			5.135
Payables arising out of direct insurance operations						
Pramerica Life S.p.A.					1.366	1.366
Payables						
Eurovita Holding S.p.A.		33	18			52
Eurovita S.p.A.	10.596					10.596
Agenzia Eurovita S.p.A.	246	380				627
Pramerica Marketing S.r.l.				5		5
Tax Payables						
Eurovita Holding S.p.A.		27.264				27.264
Total liabilities	**10.842**	**27.678**	**5.153**	**5**	**1.366**	**45.043**

Balance Sheet - Liabilities

1. Shareholders' Equity

The breakdown of shareholders' equity is shown in the following table:

(amounts in Euro thousand)

SHAREHOLDERS' EQUITY	31/12/19	31/12/18	change
Share capital	1.000	1.000	-
Other equity instruments	-	-	-
Capital reserves	198.300	168.000	30.300
Revenue reserves and other reserves	233.843	221.106	12.737
(Own shares)	-	-1	1
Reserve for currency translation differences	-	-	-
Reserve for unrealized gains and losses on AfS financial assets	100.542	-52.238	152.780
Reserve for other unrealized gains and losses through equity	-9.854	3.350	-13.203
Result of the period	87.444	12.737	74.707
Group capital	**611.275**	**353.954**	**257.321**
Third parties capital and reserves	669	1.832	-1.162
Reserve for other unrealized gains and losses through equity	213	-81	295
Result of the period	58	170	-112
Third parties capital	**941**	**1.921**	**-980**
Total Shareholders' Equity	**612.216**	**355.875**	**256.341**

The breakdown by type of shareholders' equity items is provided in the Financial Statements.

The main changes were due to:

- capital payment totaling €30.3 million;
- change in AFS reserve (after the shadow accounting effect and the related deferred tax effects) for a total of €152.7 million, as a result of growth in assets under management and assets classified as AFS and the concurrent positive performance of financial markets;
- change in the expected cash flow hedge reserve, which includes the changes in fair value of derivative financial instruments generated in the context of cash flow hedges, after deferred tax effects (down €13.2 million).
- significant improvement in the result for the period, which went from €12.7 million to €87.4 million mainly due to the "good business deal" reported following the completion of the acquisition of the company Pramerica Life S.p.A.

2. Provisions

The following table details the relevant information by Company:

(amounts in Euro thousand)

	31/12/19	31/12/18
Eurovita S.p.A.	14.101	16.998
Eurovita Holding S.p.A.	102	102
Pramerica Life S.p.A.	2.040	-
Pramerica Marketing S.r.l.	100	-
Total	**16.344**	**17.100**

The balance of the item "provisions" includes the allocations made to cover certain or probable losses whose amount or date of occurrence, however, cannot be determined with certainty at the end of the financial year.

Given the significance of the amount, a summary of changes in provisions of the company Eurovita S.p.A. at 31 December 2019 is shown below:

(amounts in Euro thousand)

	Amount at 31/12/2018	Increase	Decrease	Amount at 31/12/2019
Tax litigation	**2.508**	65	-1.349	1.224
Provisions for defaulted index-linked policies	**3.005**	0	-245	2.760
Sundry disputes with third parties	**3.092**	1.000	0	4.092
Dormant policies	1.000	0	0	1.000
Other accrual	2.092	1.000	0	3.092
Agency network provisions	**2.334**	0	-226	2.108
Litigation with agency network	**874**	350	-158	1.066
Sundry disputes with customers	**1.686**	0	-587	1.099
Other personnel provisions	**3.499**	0	-1.747	1.752
Total Provisions	**16.998**	**1.415**	**-4.247**	**14.101**

The changes during financial year 2019 are discussed below:

Tax litigation:

In respect of the merged company Eurovita Assicurazioni S.p.A.:

- €329 thousand were set aside for a refund request relating to 2004 taxes, filed in 2007, the appeal of which is pending before the Court of Cassation, which set the hearing for the discussion for mid-March of the current year;
- €461 thousand were also set aside for the tax dispute relating to the denial of the I.R.A.P. refund in 1998 and related interest. The provision covers the entire amount of capital and interest recognized in the financial statements, set aside until financial year 2015;
- in 2019, the Italian Revenue Agency - Lazio Regional Directorate - carried out a tax audit that covered tax periods 2015 and 2016; the audit concerned the analysis of the tax treatment of dividends paid out by the company Eurovita Assicurazioni S.p.A. to the former parent company JCF III Eurovita Holding S. a r.l. (company under Luxembourg law). In particular, the Italian Revenue Agency's attention focused on the Company's behavior as a tax agent. The audit ended in October with the notification of an assessment report, in which the Italian Revenue Agency charged the Company for its (alleged) failure to withhold taxes on dividends paid out by the Company to the former parent company. This dispute amounts to €5,010 thousand. The Company, on the strength of its reasons, submitted a specific brief (drafted pursuant to Law No. 212/2000) within the statutory terms, for the purpose of requesting the Italian Revenue Agency to reconsider its conclusions. At present, the Company is waiting to find out whether the grounds attesting to the correctness of its work, argued in the brief in question, have been deemed sufficient by the Italian Revenue Agency to review the Company's position. Lastly, it should be noted that, considering the arguments in support of the lawfulness of the Company's conduct, it was not deemed necessary to set aside any specific provisions for risks. For activities otherwise related to the above, however, the Company uses the support of the firm Pirola, for which provisions of €65 thousand were set aside.

In respect of the merged company OMWI:

- provisions of €369 thousand, in place at 31 December 2018, relating to higher I.R.A.P. assessed by the Italian Revenue Agency in relation to the dispute referred to tax period 2007, were confirmed. In 2015, the Company had appealed to the Court of Cassation, against which the Italian Revenue Agency filed an application. Since a hearing date has not been set yet, the item was kept unchanged;

Lastly, it should be pointed out that the dispute concerning I.R.A.P. and I.R.E.S. for the year 2009, which ended with an out-of-court settlement with the Italian Revenue Agency against the payment of taxes, interest and reduced penalties for a total of €310 thousand, was concluded during 2019. An allocation of €1.35 million had been set aside at 31.12.2018, whose surplus was released, for the purpose of such dispute.

Provisions for defaulted index-linked products:
Provision for index-linked policies with defaulted bond component whose contractors have not yet adhered to customer care initiatives and for which individual settlement agreements will be defined in the future. Total amount allocated at 31 December 2019 equal to €2,760 thousand.

Various disputes with third parties:
The amounts relate to allocations made against certain or probable legal cases related to old leased properties and risks of loss in pending disputes with suppliers and third parties.
For the purpose of greater disclosure, it should be noted that a further provision was set aside in relation to the pending dispute relating to the old Rome offices.

Agency network provisions:

- Agent retirement fund: this includes the provision for pension funds to cover severance indemnities payable to the Company's agents, taking into account the effective recoverability thereof by reversal. The fund remained substantially unchanged during 2019.
- Agency network restructuring: no new provisions were set aside. However, some withdrawals were made in relation to the expensing of reversals related to agencies closed during the year.

Various agency network disputes:
Provisions for litigation with the agency network. This includes allocations for risks of loss in pending disputes with former agents. These provisions were prudentially increased by €350 thousand and decreased by €158 thousand for withdrawals related to the settlement of some disputes.

Various customer disputes:
This reserve includes provisions set aside for the risk of losing pending disputes with policyholders, which amounted to €1,686 thousand at 31 December 2018. The changes during the financial year only relate to withdrawals of €587 thousand for the settlement of some disputes.

Other provisions relating to personnel:

These provisions include amounts set aside for retention bonuses or other expenses for employed personnel, which amounted to €3,499 thousand at 31 December 2018. The changes during the financial year relate solely to withdrawals linked to payments of €1,747 thousand for services.

With reference to the companies Pramerica Life S.p.A. and Pramerica Marketing S.r.l., the provisions in place at 31.12.2019 are discussed below:

- for the company Pramerica Life S.p.A., the balance at 31 December 2019 amounted to €2,040,000, which includes €2.005 million in layoff incentives paid to employees to be incurred during 2020 and the residual €35,000 in other forms of incentives granted to employees, which have not reached maturity yet;
- for the company Pramerica Marketing S.r.l., the closing balance at year end was €100,000 and is in connection with some pending disputes with terminated former sub-agents.

3. Technical Provisions

The following table details the relevant information by Company:

(amounts in Euro thousand)

	31/12/19	31/12/18
Eurovita S.p.A.	**10.885.106**	9.810.209
Pramerica Life S.p.A.	**1.436.648**	-
Total	**12.321.754**	**9.810.209**

The relevant breakdown is represented in the following tables:

(amounts in Euro thousand)

	Value at 31/12/2019 (scope consolidation 2018)	Value at 31/12/2018	change
Insurance provisions	**9.982.105**	9.395.791	586.314
Shadow accounting	**732.927**	242.533	490.394
VIF - Value in force	**170.074**	171.885	-1.811
Total Insurance Provisions	**10.885.106**	**9.810.209**	**1.074.897**

(amounts in Euro thousand)

	Pramerica's value at 31/12/2019	Value at 31/12/201 (scope consolidation 2018)	Total value at 31/12/2019
Insurance provisions - Life	**1.221.616**	9.982.105	11.203.721
Insurance provisions - Non-Life	**1.158**	-	1.158
Shadow accounting	**213.874**	732.927	946.802
VIF - Value in force	**-**	170.074	170.074
Total Insurance Provisions	**1.436.648**	**10.885.106**	**12.321.754**

The breakdown by type of Technical provisions, broken down by direct and indirect business, specifying the corresponding value of the previous financial year, is provided in the mandatory attachments as per I.S.V.A.P. Regulation No. 7/2007. The annex also shows the amount posted as a result of the adequacy testing of liabilities and deferred liabilities to policyholders.

Technical provisions show an increase of €1,075 million, on a like-for-like basis, rising from €9,810 million in 2018 to €10,885 million at 31 December 2019.

As can be inferred from the table above, Technical provisions also include €170,074 thousand relating to the negative value of the Life portfolio of the former company Eurovita Assicurazioni S.p.A., acquired in 2018 (VIF - Value in force). The VIF is reduced annually on the basis of the residual average life of the contracts acquired.

The breakdown by type of Technical provisions, specifying the corresponding value of the previous financial year, is shown below:

(amounts in Euro thousand)

	Value at 31/12/2019 (scope consolidation 2018)	Value at 31/12/2018	change
Mathematical Reserve	**9.394.572**	8.834.053	560.519
Reserve for premium recoveries	**46.216**	70.123	-23.907
Reserve for rate expiry risk	**542**	18.740	-18.198
Reserve per demographic basis adjustments	**8.568**	6.876	1.692
Reserves for indirect business	**74.521**	77.340	-2.819
Reserve for surrenders	**430**	428	2
Reserve for mortality risk	**4.160**	3.113	1.047
Reserves for special redemptions	**30.076**	33.866	-3.790
Reserves for Class D	**125.506**	104.341	21.165
Reserves for supplementary insurance	**5.179**	8.524	-3.345
Outstanding Reserve	**292.335**	238.388	53.947
Shadow accounting reserve	**732.927**	242.533	490.394
VIF	**170.073**	171.885	-1.811
Total	**10.885.106**	**9.810.209**	**1.074.896**

(amounts in Euro thousand)

	Pramerica's value at 31/12/2019	Value at 31/12/2019 (scope consolidation 2018)	Value at 31/12/2019
Total insurance reserves - Life	**1.435.490**	**10.885.106**	**12.320.596**
Mathematical Reserve	**1.205.212**	9.394.572	10.599.784
Reserve for premium recoveries	**-**	46.216	46.216
Reserve for rate expiry risk	**1.506**	542	2.048
Reserve per demographic basis adjustments	**-**	8.568	8.568
Reserves for indirect business	**-**	74.521	74.521
Reserve for surrenders	**-**	430	430
Reserve for mortality risk	**4**	4.160	4.164
Reserves for special redemptions	**7.110**	30.076	37.186
Reserves for Class D	**-**	125.506	125.506
Reserves for supplementary insurance	**68**	5.179	5.247
Outstanding Reserve	**7.715**	292.335	300.050
Shadow accounting reserve	**213.874**	732.927	946.801
VIF	**-**	170.073	170.073
Total insurance reserves - Non-Life	**1.158**	**-**	**1.158**
Unearned premium reserve	**363**	-	363
Claims reserve	**794**	-	794
Total insurance reserves	**1.436.648**	**10.885.106**	**12.321.754**

In implementation of the provisions contained in paragraph 3 of Article 11-*bis* of I.S.V.A.P. Regulation No. 7 of 13 July 2007 and in paragraph 15 of IFRS 4, the adequacy of the insurance liability was tested as at 31 December 2018 according to the principles of the Liability Adequacy Test (LAT).

According to such rules for insurance contracts (and, if the entire discretionary component is set aside as a technical provisions, also for investment contracts with DPF), an adequacy test of the contractual technical provisions is required (actuarial reserves for pure, additional, supplementary premiums, for future and other expenses), net of intangible assets relating to the acquisition of contracts (deferred acquisition costs - value in force). In other words, the LAT aims to verify that the *Statutory Reserve* (value of all contractual provisions) net of the intangible assets linked to the contracts (Deferred Acquisition Cost and

VIF) is greater than or equal to the *Realistic Reserve* calculated on the basis realistic future commitments as further specified below.

The statutory reserve is given by the sum of the following items:

Actuarial reserve, revaluation reserve, provision for expenses, and additional reserve for expenses, additional reserve for insufficient demographic bases, additional reserve for insufficient rates and for the passing of time, and the shadow accounting reserve.

Deferred acquisition costs, considered with opposite sign, calculated policy by policy.

The value in force of portfolios linked to insurance products.

The test was carried out on the closed portfolio, therefore without future new business, in place at 31 December 2019, and consisting exclusively of insurance and investment products with DPF. The identification of the products to be tested was based on the provisions of IFRS4.

The realistic reserve is defined as follows:
(+) fair value of the company's business
(-) fair value of premiums
(+) fair value of expenses.

In particular:
FV of flows for payment at maturity + FV of flows for redemption payment +
FV of flows for coupon payment + FV of flows for annuity payments +
FV of flows for commission payments + FV of flows for expenses -
FV of flows for premium collections - FV of flows for the collection of coupon payment expenses.

The approach adopted for the computation of technical items useful for the implementation of the LAT is, for each product line, based on a calculation model that enables the valuation of technical provisions as the fair value of the expected cash flows generated by the closed portfolio in force at the valuation date. The technical forms considered were aggregated by types of contracts with respect to the main discriminating parameters, such as tariff form, minimum guaranteed rate, retrocession rates, and separate management fund.

The projection, for each aggregate, was carried out through Milliman's "MG-ALFA" actuarial software, with particular reference to the time structure of premiums, insured benefits, payments for claims, maturities, or redemptions, as well as revaluation clauses, and any other contractual option in place.

The demographic assumptions, those on the policyholders' behavior, and those on expenditure used for the valuation derived from the Company's experience, the macroeconomic ones from market information and derived from analyzes to which reference was made for the calculation of the supervisory technical provisions and solvency.

With regard to the financial assumptions on the prospective return of separate management investments, the Company deemed it appropriate to apply a credit spread adjustment to the risk-free rate curve provided by EIOPA.

For products with benefits that can be revalued, the insured sums were revalued according to the contractual conditions on the basis of the one-year forward rate curve obtained from the spot curve retrieved according to the procedure described above. The discounting of the contractual flows was consistently carried out on the basis of the same financial assumptions.

With regard to the time horizon, in principle the projection must be sufficiently long to cover the entire duration of the contracts, always bearing in mind the principle of materiality. The Company has adopted a projection horizon of 40 years with the exception of the Separate Management Funds linked to supplemental pension products, whose limit was preferably extended to 50 years. In order to take account of the portfolio not modeled (less than 3% of provisions) and of certain particular provisions, the realistic reserve, deriving from discounting of cash flows was proportioned, for each management, on the basis of the impact of the financial reserves of modeled contracts.

For the Asset Reinsurance contracts, the Realistic Reserves was obtained on the basis of the flows determined by the reinsurer.

The adequacy testing of insurance liabilities carried out according to the principles of the Liability Adequacy Test (LAT) according to the method set out above, highlighted sufficient levels for all business lines. From a general perspective, however, a global adequacy of the insurance liabilities posted to the Financial Statements emerges.

Provisions by product are shown in the table below (2018 scope of consolidation):

(amounts in Euro thousand)

Management	Statutory Reserve (a)	Shadow Accounting Reserve (b)	VIF (c)	DAC (d)	Realistic Reserve (e)	Reserve Margin (e)=(a)+(b)+(c)-(d)-(e)
Eurovita Nuovo Secolo	**3.112.820**	295.665	73.829	17.333	2.701.453	615.870
Eurovita Nuovo PPB	**426.394**	56.965	18.702	-	446.074	18.583
Eurovita Primariv	**2.012.066**	138.272	-139.894	-	2.249.325	40.907
Eurovita Euroriv	**3.800.767**	236.341	-69.442	6.716	3.693.351	406.483
Eurovita 2000	**12.226**	2.106	-	-	14.381	-49
Eurovita Futuriv	**14.609**	303	4.193	-	9.441	1.278
Eurovita Smart	**40.909**	3.043	36	-	37.266	6.650
Unit Linked	**469.886**	-	752	16.503	447.060	5.571
Other lines of business	**57.432**	-	23.073	1.106	29.880	3.373
Indirect business	**74.521**	-	6.432	-	52.306	15.783
Total	**10.021.630**	**732.695**	**-82.319**	**41.658**	**9.680.537**	**1.114.449**

Provisions by product (Pramerica Life) are shown below:

(amounts in Euro thousand)

Management	Statutory Reserve (a)	Shadow Accounting Reserve (b)	VIF (c)	DAC (d)	Realistic Reserve (e)	Reserve Margin (e)=(a)+(b)+(c)-(d)-(e)
Financial	**1.069.075**	186.624	46.623	10.993	1.194.822	3.260
Pramerica	**101.082**	23.301	-11.778	-	132.773	3.389
Previdenza	**17.725**	3.949	-1.427	-	22.629	473
Other	**27.176**	-	26.894	1.245	-10.042	9.079
Total	**1.215.058**	**213.874**	**60.312**	**12.238**	**1.340.182**	**16.200**

4. Financial Liabilities

4.1 Financial Liabilities Measured at Fair Value through Profit or Loss

This item, which regards the company Eurovita S.p.A. entirely, includes liabilities for financial contracts, amounting to €6,740 million at 31 December 2019 (€6,605 million at 31 December 2018), and negative derivatives amounting to a total of €68,015 thousand (€3,092 thousand at the end of the previous year).

The significant deterioration reported by hedging derivatives compared to 31 December 2018 is due to the volatility observed on the spread of Italian government bonds (with German government bonds).

The item may be broken down as follows:

(amounts in Euro thousand)

	Value at 31/12/2019	Value at 31/12/2018	change
Financial liabilities - Investment contracts	**6.740.141**	6.605.216	134.925
Non-hedge derivatives	**-**	2.302	-2.302
Hedge derivatives	**68.015**	790	67.225
Total fin. liabilities at fair value through P&L	**6.808.156**	**6.608.308**	**199.848**

Details of assets and liabilities relating to contracts issued by insurance companies when the investment risk is borne by customers, with reference to benefits connected with investment funds or market indices, is provided in the annex specifying the corresponding value of the previous financial year.

Hedge derivatives, as stated above, amounted to €68,015 thousand and relate to forward contracts, the offsetting item being recorded in the so-called cash flow hedge reserve, recognized in shareholders' equity including the related tax effects.

4.2 Other Financial Liabilities

Also this item regards the subsidiary Eurovita S.p.A. entirely.

The following table summarizes the changes for the year:

(amounts in Euro thousand)

	Value at 31/12/2019	Value at 31/12/2018	change
Subordinated liabilities	**110.338**	45.384	64.954
Deposits Forward	**520**	10.731	-10.211
Deposits received from reinsurers	**625.059**	1.109.954	-484.894
Total Other financial liabilities	**735.918**	**1.166.069**	**-430.151**

This item includes deposits received from reinsurers, equal to €625,059 thousand, a drop of €484,894 thousand compared to 2018, and subordinated liabilities of €110,338 thousand and forward deposits of €520 thousand.

Deposits received from reinsurers are correlated with the reinsurers' reserves at year end. The reduction described above is therefore linked to the decrease in reserves ceded due to the intervening expiry of a substantial generation being ceded. The remuneration of deposits was calculated on the basis of the rates of return certified on the separate management funds taking into account contractual clauses.

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

(amounts in Euro thousand)

	Amount	Subscription	Maturity	Rate	Value at 31/12/2019
Bond loan	5.000	01/10/15	01/10/25	4,75%	**5.013**
Bond loan	40.000	22/12/15	22/12/25	6,00%	**40.326**
Bond loan	65.000	28/06/19	28/06/29	7,00%	**65.000**
Total Subordinated liabilities	**110.000**				**110.338**

As shown in the table above, it should be noted that on 28 June 2019 a new subordinated loan was issued for an amount equal to €65 million with a 10-year term and a rate of return of 7%. This loan was fully subscribed by Fifth Cinven Fund.

5. Payables

5.1 Payables Arising from Direct Insurance Transactions

The following table details the relevant information by Company:

(amounts in Euro thousand)

	Value at 31/12/2019	Value at 31/12/2018	change
Eurovita S.p.A.	**75.770**	**64.735**	11.035
Pramerica Life S.p.A.	**971**	**-**	971
Total	**76.741**	**64.735**	**12.006**

Payables arising from direct insurance operations grew compared to 31 December 2018, rising from €26,197 thousand to €32,786 thousand, which includes €4,504 thousand relating to the company Pramerica Life S.p.A.

With reference to the company Eurovita S.p.A., the balance almost entirely (€28,168 thousand) consists of payables for fees and commissions due to brokers and banks on premiums collected and settled mainly during the early months of 2020.

With regard to the newly acquired company Pramerica Life S.p.A., on the other hand, the item includes payables of €4,318 thousand to agents and total payables of €166 thousand to agents for severance indemnities.

5.2 Payables Arising from Reinsurance Transactions

The following table details the relevant information by Company:

(amounts in Euro thousand)

	Value at 31/12/2019	Value at 31/12/2018	change
Eurovita S.p.A.	**75.770**	**64.735**	11.035
Pramerica Life S.p.A.	**971**	**-**	971
Total	**76.741**	**64.735**	**12.006**

As shown in the table above, the item went from €64,735 thousand in 201 8 to €76,741 thousand in 2019 also including the balance of €971 thousand, of a negligible amount, of the company Pramerica Life S.p.A.

The increase of €11,035 thousand reported by Eurovita S.p.A. is strictly connected to the dismantling of the commercial reinsurance generation 1998.

5.3 Other Payables

The table below shows the breakdown of the item by company and type of payables:

(amounts in Euro thousand)

	31/12/19	31/12/18
Eurovita S.p.A.	**38.156**	19.831
Agenzia Eurovita S.r.l.	**42**	478
Eurovita Holding S.p.A.	**118.284**	118.813
Pramerica Life S.p.A.	**10.520**	-
Pramerica Marketing S.r.l.	**1.760**	-
Total	**168.763**	**139.122**

(amounts in Euro thousand)

	Value at 31/12/2019 (scope consolidation 2018)	Value at 31/12/2018
Employees' severance indemnities	**1.122**	967
Miscellaneous tax payables	**1.617**	958
Payables to pension and social security institutions	**1.636**	441
Trade payables	**12.226**	12.116
Sundry payables	**4.129**	9.129
Loan from Holdco	**115.511**	115.511
Financial liabilities IFRS16	**20.243**	-
Total	**156.483**	**139.122**

(amounts in Euro thousand)

	Pramerica's value at 31/12/2019	Value at 31/12/2019 (scope consolidation 2018)	Total value at 31/12/2019
Employees' severance indemnities	**1.052**	**1.122**	2.174
Miscellaneous tax payables	**490**	**1.617**	2.107
Payables to pension and social security institutions	**406**	**1.636**	2.042
Trade payables	**1.420**	**12.226**	13.645
Sundry payables	**5.247**	**4.129**	9.376
Loan from Holdco	**-**	**115.511**	115.511
Financial liabilities IFRS16	**3.665**	**20.243**	23.908
Total	**12.280**	**156.483**	**168.763**

A detailed comment on the main components of the macro-item in question and on the related changes that occurred between the two periods is provided below:

- *Employee severance indemnities:* this item includes the estimate of these indemnities, calculated in line with IFRS accounting principles;
- *Miscellaneous tax payables:* this item mainly includes tax payables borne by policyholders, tax charges for which the companies act as tax collection agents and tax payables other than taxes on income;
- *Payables to pension and social security institutions:* this mainly includes payables to I.N.P.S. for contributions to be paid by workers and by the company;
- *Trade payables:* this item, substantially in line with the end of the previous financial year, also includes provisions made for invoices to be received;
- *Loan from Holdco:* this is a loan amounting to a total of €115,510 thousand granted by Flavia Holdco Limited to the company Eurovita Holding S.p.A., which was instrumental to the acquisition of Old Mutual Wealth Italy S.p.A.;
- *IFRS 16 financial liabilities:* this item includes “lease liabilities” linked to contracts identified as leases pursuant to Accounting Standard IFRS 16. These values therefore represent the obligations to pay fees in the future for the use of the assets governed by such contracts.

6. Other Liability Components

6.2 Deferred tax liabilities

Deferred tax liabilities, equal to €119,529 thousand, refer to net deferred taxes relating to Group companies. As required by accounting standard IAS 12.74, deferred and prepaid taxes were offset as they referred to the same type of tax.

In detail, prepaid and deferred taxes mainly derive from the following temporary differences on value adjustments to taxed risk provisions, deferred acquisition income and costs, the valuation of “long-term” securities according to fiscal principles, the valuation of securities available for sale and shadow accounting.

It should also be noted that the item includes the deferred tax liabilities of Eurovita Holding S.p.A. arising from temporary differences generated by applying a Purchase Price Allocation of €54,383 thousand to Ergo Previdenza S.p.A., as well as the deferred tax liabilities of Eurovita S.p.A. deriving from temporary differences generated by applying a Purchase Price Allocation of €18,588 thousand to Pramerica Life S.p.A.

6.3 Current Tax Liabilities

The following table details the relevant information by Company:

(amounts in Euro thousand)

	31/12/19	31/12/18
Eurovita S.p.A.	**43.049**	53.690
Agenzia Eurovita S.r.l.	**-**	-
Eurovita Holding S.p.A.	**17.274**	14.689
Pramerica Life S.p.A.	**6.864**	-
Pramerica Marketing S.r.l.	**3**	-
Total	**67.191**	**68.379**

This item includes the portion for the period, not yet paid, of the tax on actuarial provisions, as required by Law-Decree No. 209 of 24-9-2002, converted into Law No. 265 of 22-11-2002, equal to €43,049 thousand for the company Eurovita S.p.A. and €5,071 thousand for the company Pramerica Life S.p.A.

6.4 Other Liabilities

The following table details the relevant information by Company:

(amounts in Euro thousand)

	31/12/19	31/12/18
Eurovita S.p.A.	**49.368**	54.058
Eurovita Holding S.p.A.	**1.865**	1.512
Pramerica Life S.p.A.	**1.975**	-
Total	**53.208**	**55.570**

As shown in the table above, the change observed in the item is mainly due to the decrease reported by Eurovita S.p.A. The breakdown of the item for this Company is shown below, showing how the decrease is due to a contraction in outstanding premiums collected, as well as to lower deferred commission income.

(amounts in Euro thousand)

	Value at 31/12/2019	Value at 31/12/2018	change
Deferred commission income	**4.154**	5.391	-1.238
Suspended premiums collected	**37.440**	39.189	-1.750
Commissions to be paid on late premiums	**-730**	1.654	-2.385
Rappels and agency network contributions	**131**	131	0
Personnel expenses	**3.686**	3.219	467
Accrued liabilities and deferred income	**4.255**	4.473	-217
Other liabilities	**434**	0	434
Total Other Liabilities	**49.368**	**54.058**	**-4.690**

The changes in commissions on investment contracts is attached below:

(amounts in Euro thousand)

Investment Products	31/12/18	Changes in portfolio	Unwind for installment amort.	New Business	31/12/19
DIR	5.391	979	1.291	1.032	**4.154**

Income Statement

Details of the income statement items are shown below.

1. Net premiums (Item 1.1 Income Statement)

The following is a breakdown of premiums divided by insurance activities:

(amounts in Euro thousand)

	Life 31/12/19	Life 31/12/18
Gross earned premiums	**2.003.719**	1.252.222
Earned premiums ceded	**29.574**	53.201
Total net earned premiums	**1.974.145**	**1.199.021**

The breakdown of net premiums, with indication of the premiums recognized and the change in premium reserve, and gross amounts and amounts borne by reinsurers, with an indication of the corresponding value of the previous financial year, is provided in a specific attachment.

1.1.1 Gross Premiums for the Year

(amounts in Euro thousand)

	31/12/19	31/12/18
Eurovita S.p.A.	**2.003.719**	1.252.222
Total	**2.003.719**	**1.252.222**

Premium income showed a significant increase compared to the end of 2018. In order to better describe the positive trend observed during the year, some tables containing the relevant breakdown are included below:

(amounts in Euro thousand)

	Amount at 31/12/2019	Amount at 31/12/2018	Change	Ch. %
Annual premiums in the first year	**110.285**	166.223	-55.938	-34%
Annual premiums in subsequent year	**155.449**	188.863	-33.414	-18%
Single premiums	**1.732.760**	891.256	841.504	94%
Total direct business	**1.998.493**	**1.246.342**	**752.152**	**60%**
Premiums on reinsured risks (indirect business)	**5.225**	5.880	-655	-11%
Total gross earned premiums	**2.003.719**	**1.252.222**	**751.497**	**60%**

(valori espressi in migliaia di Euro)

IAS Classification (in Euro thousand)	2019			2018			Delta		
	Premiums in the first year	Premiums in subsequent years	Total	Premiums in the first year	Premiums in subsequent years	Total	Premiums in the first year	Premiums in subsequent years	Total
Supplementary	**59**	**6.090**	**6.149**	12.204	67	12.271	-12.145	6.023	-6.122
Indirect business	**5.225**	**-**	**5.225**	5.880	-	5.880	-655	-	-655
Insurance	**36.999**	**89.792**	**126.791**	156.632	9.948	166.579	-119.633	79.844	-39.788
Investment DPF	**1.806.001**	**59.553**	**1.865.554**	972.411	95.080	1.067.491	833.590	-35.527	798.063
Grand total	**1.848.284**	**155.435**	**2.003.719**	**1.147.127**	**105.095**	**1.252.222**	**701.157**	**50.340**	**751.497**

The preceding tables show how the increased business is almost entirely due to the positive performance of products classified as “Investment with DPF” (up €798,063 thousand compared to 31 December 2018), in line with the entire Italian insurance market. The contribution from the settlement of products classified as “insurance” was also positive (up €79,844 thousand compared to 31 December 2018).

With regard to distribution channels, the positive contribution of Financial Advisors should be noted. Their income went from €360.6 million to €881.1 million, thanks above all to the growth reported by Fineco Bank. The income of the Banks channel was also good (up €232.4 million compared to the end of 2018), where the positive performance of Cassa di Risparmio di Bolzano stands out in particular.

Finally it should be noted that indirect business premiums recorded a decrease of 11%, due to the fact that the company Eurovita S.p.A., as of 1 January 2009, has no longer reinsured new business issued by ERGO Insurance N.V. België (formerly Hamburg-Mannheimer), the treaty remaining in force only for annual renewals.

1.1.2 Premiums Ceded to Reinsurers for the Year

(amounts in Euro thousand)

	31/12/19	31/12/18
Eurovita S.p.A.	**29.574**	53.201
Total	**29.574**	**53.201**

Premiums ceded decreased by 44.4% due to the decrease in premiums of subsequent years being ceded in the pre-2001 business treaties deriving from the former company Ergo Previdenza’s network.

2. Commission Income

The item Commission Income amounted to €99,843 thousand, a significant decrease compared to the end of the previous year when it had amounted to €174,502 thousand. This decrease, almost entirely due to lower Management Fees, is attributable to the slowdown in business recorded during 2019 for products classified as “Investment” pursuant to IFRS 4.

The breakdown of this item is represented in the following table:

(amounts in Euro thousand)

	31/12/19	**31/12/18**
Premium charges	**172**	1.720
DIR	**1.238**	1.305
Management Fees	**98.433**	171.477
Total	**99.843**	**174.502**

3. Net Income Arising from Financial Instruments Measured at Fair Value through Profit or Loss

(amounts in Euro thousand)

	31/12/19	**31/12/18**
Net income from financial instruments at fair value through profit or loss	**14.118**	-62.030
Total	**14.118**	**-62.030**

This item only relates to the company Eurovita S.p.A. and mainly contains the net income relating to investments whose risk is borne by policyholders.

Gross of restatements in regard of financial products (down €824,248 thousand), the result of the investment category whose risk is borne by policyholders (up €14,593 thousand) benefited from the positive performance of the markets in which the assets of unit-linked internal and external funds are mainly invested (€60,669 thousand in the previous financial year, after a restatement of a positive €390,980 thousand of financial products).

“Assets held for trading” generated a loss of €475 thousand (loss of €1,362 thousand in the previous financial year).

Income from investments in the category of “financial assets measured at fair value through profit or loss” are detailed in the following table specifying the corresponding values of the previous financial year:

(amounts in Euro thousand)

Income from Investments	31/12/19 Interest income	31/12/19 Other income	31/12/19 Gains realized	31/12/19 Valuation gains	31/12/19 Total	31/12/18 Interest income	31/12/18 Other income	31/12/18 Gains realized	31/12/18 Valuation gains	31/12/18 Total
Held for trading	-	273	-	4.909	5.183	-	362	-	921	1.283
Designate a Fair Value	10.973	26	215.325	638.637	864.961	13.426	1	34.887	39.182	87.496
Restatement of financial products	-	-824.248	-	-	-824.248	-	390.980	-	-	390.980
Total Income from financial instruments at fair value through profit or loss	**10.973**	**-823.949**	**215.325**	**643.546**	**45.896**	**13.426**	**391.343**	**34.887**	**40.103**	**479.759**

(amounts in Euro thousand)

Expenses from Investments	31/12/19 Interest expense	31/12/19 Other charges	31/12/19 Realized losses	31/12/19 Valuation losses	31/12/19 Total	31/12/18 Interest expense	31/12/18 Other charges	31/12/18 Realized losses	31/12/18 Valuation losses	31/12/18 Total
Held for trading	-	-	-	-5.658	-5.658	-	-	-840	-1.804	-2.644
Designate a Fair Value	-	-14.281	-4.474	-7.365	-26.120	-	-14.936	-119.436	-404.773	-539.145
Restatement of financial products	-	-	-	-	-	-	-	-	-	-
Total Expenses from financial instruments at fair value through profit or loss	**-**	**-14.281**	**-4.474**	**-13.023**	**-31.778**	**-**	**-14.936**	**-120.276**	**-406.577**	**-541.789**

4. Income from Other Financial Instruments and Real Property Investments

Income from investments in the category of “Financial assets available for sale” and “Loans and receivables” are detailed in the following table, specifying the corresponding values at the end of the previous financial year and referable to the company Eurovita S.p.A. only:

(amounts in Euro thousand)

	31/12/19 Interest income	31/12/19 Other income	31/12/19 Gains realized	31/12/19 Valuation gains	31/12/19 Total	31/12/18 Interest income	31/12/18 Other income	31/12/18 Gains realized	31/12/18 Valuation gains	31/12/18 Total
Financial assets available for sale	112.538	38.603	39.932	-	191.074	75.607	30.853	27.030	-	133.490
Loans and receivables	9.577	-	-	-	9.577	7.051	-	1.479	-	8.530
Total Income from other financial instruments and land and buildings (investment properties)	**122.115**	**38.603**	**39.932**	**-**	**200.651**	**82.658**	**30.853**	**28.509**	**-**	**142.021**

As shown in the summary table, ordinary income in the category of “Available-for-sale financial assets” and “Loans and Receivables” increased compared to the previous financial year.

This positive trend is due to an increase in average investments (up 2.6%) and to an improved profitability also resulting from the increased average duration following the optimization of the ALM structure of some portfolios. Realized gains remained of a significant amount (€39,932 thousand), an increase compared to the amount in the previous year (€30,853 thousand) thanks in part to the ALM strategies mentioned above and in part to the partial consolidation of accumulated income.

1.6 Other Revenues

The following table gives details by revenue category:

(amounts in Euro thousand)

	31/12/19	31/12/18
Other technical income	52.138	54.028
Withdrawals from provisions	**4.610**	4.410
Contingent assets	**3.218**	776
Other revenues	**88.142**	1.772
Total	**148.108**	**60.986**

Other technical income of €52,138 thousand (€54,028 thousand at 31 December 2018) mainly includes the management fees retroceded by the managers of mutual funds included in the investments for the benefit of policyholders, and commission rebates on external funds.

The item "*Withdrawals from provisions*", almost entirely attributable to the company Eurovita S.p.A., includes settlements of disputes with former agents, former policyholders and former employees, as well as reductions in provisions for charges / risks in place.

For details of provisions for risks and charges, please refer to the information provided in the section on Provisions above.

The macro-item "*contingent assets*" may be broken down as follows:

(amounts in Euro thousand)

	31/12/19	**31/12/18**
Eurovita S.p.A.	**3.148**	390
Eurovita Holding S.p.A.	**42**	323
Agenzia Eurovita S.r.l.	**28**	63
Total	**3.218**	**776**

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

The category "*Other revenues*" may be broken down as follows:

(amounts in Euro thousand)

	31/12/19	**31/12/18**
Eurovita S.p.A.	**3.181**	1.772
Eurovita Holding S.p.A.	**84.960**	-
Agenzia Eurovita S.r.l.	**-**	-
Total	**88.142**	**1.772**

The significant change compared to the end of financial year 2018 is linked to the recognition of a gain of €85.0 million from the good business deal calculated as the difference between the fair value of assets acquired and the price paid, relating to the acquisition of the company Pramerica Life S.p.A.

Other residual revenues include other income and technical income of the insurance company.

2.1 Net Charges Relating to Claims

With regard to the items "Amounts paid and changes in technical provisions", and "Portions borne by reinsurers", the following table is proposed:

(amounts in Euro thousand)

	31/12/19	31/12/18
Claims paid and change in insurance provisions	**2.065.394**	1.231.926
Reinsurers' share	**-45.195**	-74.458
Total Net insurance benefits and claims	**2.020.199**	**1.157.468**

Details of charges relating to claims, specifying the amounts paid, recoveries, and changes in reserves for each type thereof, separately for gross amounts and amounts borne by reinsurers, specifying the corresponding value of the previous financial year, is provided in an appropriate attachment.

The change compared with the previous financial year, amounting to €862,731 thousand, is mainly due to higher net technical provisions as a consequence of the positive performance of Premium income.

2.2 Commission Expense

Commission expense had the following balance:

(amounts in Euro thousand)

	31/12/19	31/12/18
Commission expense	**99.990**	137.998
Total	**99.990**	**137.998**

This item includes commissions paid to the sales network essentially on Unit-Linked products. The decrease is mainly attributable to lower average assets by over €586 million compared to previous financial year, to lower costs for Acquisition Commissions and changes in Commissions to be amortized of €9,927 thousand, and to a different allocation of €26,332 thousand of Class I and V maintenance fees in item 2.6 "Other costs".

2.4 Charges Arising from Other Financial Instruments and Real Property Investments

The charges from investments in the category "Financial assets available for sale" and "Financial liabilities" are detailed in the table below specifying the corresponding values at the end of the previous financial year.

(amounts in Euro thousand)

	31/12/19					31/12/18				
Charges from Investments	Interest expense	Other charges	Realized losses	Valuation losses	Total	Interest expense	Other charges	Realized losses	Valuation losses	Total
Available for sale financial assets	**-**	**-**	**13.498**	**6.075**	**19.573**	-	-	19.120	7.957	27.077
Loans and receivables	**34.429**	**-**	**-**	**-**	**34.429**	47.983	-	44	-	48.027
Total Expenses from other financial instruments and land and buildings (investment properties)	**34.429**	**-**	**13.498**	**6.075**	**54.002**	**47.983**	**-**	**19.164**	**7.957**	**75.104**

Interest expense mainly refers to interest on deposits from reinsurers. A further breakdown of financial charges and investments by type, specifying the corresponding value of the previous financial year, is provided in the mandatory I.V.A.S.S. annexes.

2.5 Operating Costs

The following items, Commissions and other acquisition costs on insurance contracts, investment management expenses, and other administrative expenses are detailed in the following table:

(amounts in Euro thousand)

	31/12/19	31/12/18
Acquisition commissions	**25.686**	25.467
Other acquisition costs	**20.507**	23.879
Change in deferred acquisition costs	**-6.021**	-8.991
Commissions for collections	**3.710**	5.545
Commissions and equity investments for gains ceded	**-6.892**	-11.104
Total commissions and other acquisition costs	*36.990*	*34.796*
Investment management expenses	**11.960**	11.811
Other administration costs	**25.436**	31.994
Total Acquisition and administration costs	**74.386**	**78.601**

The breakdown of costs in the insurance business, for life business alone and by type of expense, specifying the corresponding value of the previous financial year, is provided in a specific attachment.

2.6 Other Costs

The following table shows details by cost category:

(amounts in Euro thousand)

	31/12/19	**31/12/18**
Other technical charges	**55.741**	10.599
Provisions to reserves	**1.441**	2.521
Losses on receivables	**1.951**	1.027
Contingent liabilities	**1.730**	639
Depreciation and amort. of fixed assets	**1.317**	2.148
Amortization of Value in force	**34.579**	26.690
Other costs	**1.959**	3.443
Total	**98.717**	**47.068**

The breakdown of the item by Company is instead summarized in the following table:

(amounts in Euro thousand)

	31/12/19	**31/12/18**
Eurovita S.p.A.	**75.610**	35.118
Agenzia Eurovita S.r.L.	**156**	199
Eurovita Holding S.p.A.	**22.951**	11.751
Total	**98.717**	**47.068**

The item “Other costs”, amounting to €98,717 thousand, shows a significant increase compared to the end of the previous financial year. This increase is mainly due to the following factors:

- growth of €7,889 thousand in the overall value arising from the amortization of the Value in Force. This increase is due to the combined effect of a smaller amortization of the Value in Force of the former company Old Mutual Wealth Italy S.p.A. (down €4,126 thousand compared to 31 December 2018) and a greater amortization of the Value in Force of the former company Ergo Previdenza S.p.A. (up €12,031 thousand compared to 2018);
- substantial growth of €27,750 thousand in the item “Other technical charges” due to the cancellation resulting from the non-collectability of receivables relating to premiums (€410 thousand in 2018), in any case offset by the release of the related Actuarial provisions, commission rebates of €1,089 thousand and Class I and V portfolio maintenance fees of €26,332 thousand previously classified under item 2.2 “Commission Expense”.

3. Taxes

The breakdown of current taxes is provided in the following table:

(amounts in Euro thousand)

	31/12/19
Eurovita Holding S.p.A.	-819
Agenzia Eurovita S.r.L.	288
Eurovita S.p.A.	9.443
Total	**8.912**

The breakdown of deferred / prepaid taxes is provided in the following table:

(amounts in Euro thousand)

	31/12/19
Eurovita Holding S.p.A.	-11.979
Agenzia Eurovita S.r.L.	-
Eurovita S.p.A.	5.079
Total	**-6.900**

The company Eurovita Holding S.p.A., together with the subsidiaries Eurovita S.p.A. and Agenzia Eurovita S.r.l., opted for the national tax consolidation for the current year pursuant to Legislative Decree No. 344 of 12 December 2003 and will fulfill the obligations related to the tax return and settlement of I.R.E.S. as consolidating company.

The item income taxes for the year includes both current and deferred taxes.

The economic and financial transactions relating to opting for the national tax consolidation have been regulated by specific contracts between Eurovita Holding S.p.A. and its subsidiaries.

The following table contains the reconciliation between the expected tax burden and the actual tax burden; the reconciliation is at the level of each company taking into account the tax rates and the impact of intercompany transactions.

(amounts in Euro thousand)

	Agenzia Eurovita Srl	Eurovita SpA	effetto PPA ex EP	Eurovita Holding SpA	Total at 31/12/2019
Theoretical rate	**27,90%**	**30,82%**	**30,82%**	**29,57%**	
Profit for the year before taxation	**1.067**	**46.249**	**-37.870**	**-4.834**	**4.613**
Theoretical tax burden	**298**	**14.254**	**-11.671**	**-1.429**	**1.451**
Non-deductible costs for tax purposes	1	3.544		335	3.880
Non-taxable income	-11	-3		-14	-28
Use of tax losses carried forward	-	-763		-	-763
Other local taxes	-	141		-	141
Alignment financial securities for tax purposes	-	-13.139		269	-12.870
Other adjustments	-	7.013		-287	6.726
Amortization of Value in force OMWI	-	4.034		-	4.034
Amortization of Value in force EVA	-	-558		-	-558
Tax burden	**288**	**14.522**	**-11.671**	**-1.125**	**2.013**
Actual rate	**26,96%**	**31,40%**	**30,82%**	**23,28%**	**43,64%**
CURRENT TAXATION	288	9.443	-	-819	8.911
DEFERRED TAXATION	-	5.079	-11.671	-306	-6.898
EXTRAORDINARY ITEMS FOR TAX PURPOSES	-25			80	55
TOTAL TAXATION	**263**	**14.522**	**-11.671**	**-1.045**	**2.069**

Other information

Compensation Paid to Directors and Statutory Auditors

For the Companies falling within the Group’s scope of consolidation at 31 December 2018, the fees net of expenses and V.A.T. to Directors amounted to €428 thousand, while the fees to Statutory Auditors amounted to €232.5 thousand.

With reference to the company Pramerica Life S.p.A., a fee of €23 thousand was paid to a director, while the fees due to the Board of Statutory Auditors amounted to €190 thousand. Finally, for the company Pramerica Marketing S.r.l., the fees paid to the Statutory Auditors amounted to €29.7 thousand.

Compensation Paid to the Independent Auditor

As pursuant to Article 149-*duodecies,* paragraph 2, of Issuers’ Regulation of C.O.N.S.O.B. (Italian stock exchange supervisory authority), this is to specify that the compensation for the year for the provision of auditing services (entrusted to the company KPMG S.p.A.) amounted to a total of €28 thousand for the parent company Eurovita Holding S.p.A., €196 thousand for the subsidiary Eurovita S.p.A., €23 thousand for the subsidiary Agenzia Eurovita S.r.l., while the compensation for the provision of certification services amounted to €540 thousand for Eurovita S.p.A., €2 thousand for Eurovita Holding S.p.A. and €2 thousand for Agenzia Eurovita S.r.l.

With regard to the companies Pramerica Life S.p.A. and Pramerica Marketing S.r.l., whose audit was entrusted to the company BDO S.p.A., the fees amounted respectively to €174 thousand and €32 thousand.

Information on Employees

The total number of workers employed by the Group Companies at 31 December 2019 was as follows:

	31/12/19	31/12/18
Number of employees with the Group		
Managers	**20**	13
Middle-managers and office workers	**304**	210
Total	**324**	**223**

broken down as follows:

	31/12/19	31/12/2018 (scope consolidation 2018)	31/12/2018 (Pramerica stand alone)
Eurovita S.p.A.	**225**	213	na
Eurovita Holding S.p.A.	**9**	10	na
Pramerica Life S.p.A.	**90**	na	99
Total	**324**	**223**	**99**

Group Solvency

In compliance with the requirements of I.S.V.A.P. Regulation No. 7/2007, the mandatory information regarding compliance with the Solvency Capital Requirements, 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 levels, are shown below:

(data in Euro thousand)

Group's available and eligible own funds to cover the SCR	Own Funds available	Eligibility adjustments	Own funds eligible
Tier 1 unrestricted	451.767	-	451.767
Tier 1 restricted	116.702	3.760	112.942
Tier 2	114.524	3.760	118.284
Tier 3	-	-	-
Total OF	**682.993**	**-**	**682.993**
Total SCR			**522.460**
Surplus (shortage)			**160.533**

(data in Euro thousand)

Group's available and eligible own funds to cover the MCR	Own Funds available	Eligibility adjustments	Own funds eligible
Tier 1 unrestricted	451.767	-	451.767
Tier 1 restricted	116.702	3.760	112.942
Tier 2	114.524	64.094	50.430
Tier 3	-	-	-
Total OF	**682.993**	**-**	**615.139**
Total MCR			**252.152**
Surplus (shortage)			**362.987**

Subsequent Events

These consolidated financial statements were prepared on a going-concern assumption because, in the Directors' opinion, the uncertainties described below in relation to the contagion from Covid-19 are currently not such as to raise doubts regarding such assumption, whether considered individually or as a whole.

In the first months of the current year, the economy was heavily influenced by the negative effects of Covid-19. To cope with the moment of crisis, governments have put in place measures to support household and business incomes, credit and liquidity on the markets.

The European Commission has activated the general safeguard clause provided for by the Stability and Growth Pact, which allows temporary deviations from the medium-term budgetary objective or from the path towards it. The European institutions have also prepared a substantial expansion of the tools available to deal with the effects of the pandemic.

In Italy, as far as is known to date, industrial production fell by 15% in March and by around 6% on average in the first quarter; in the first three months of 2020, GDP recorded a drop today estimated at around five percentage points.

The continuation of the measures to contain the epidemic is likely to lead to a contraction in GDP also in the second quarter, which should be followed by a recovery in the second half of the year, even if the range of analysts' assessments is however very wide. The spread of the contagion is translating into an arrest of international tourist flows, which contribute almost a third to Italy's high current account surplus.

As in other European countries, share prices recorded losses and the yield spread of government securities compared to German securities widened, in a situation of sharp increase in risk aversion and deterioration in market liquidity.

At the Group level, all this may have effects on the decisions relating to financial investments and on the operations of financial management with the aim of maintaining a correct risk / return profile of the portfolio and with the inalienable objective of managing the performance of the Solvency ratio in compliance with the Group Capital policy.

As regards the performance of the insurance business of the Group, a slowdown in the signing of new contracts can be observed, which will lead to a premium income below expectations. At the end of the year, a contraction in the result is expected, compared to the original budget, essentially linked to the reduction of the class III assets to which the management fees retained by the insurance company are correlated and to the lower collection that brings with it less loadings.

We note that the Solvency II index for the first quarter of 2020 is substantially in line with the values at the end of the year, including the benefit deriving from the issue of an additional 50 million subordinated loan that took place in February 2020. In the first quarter 2020, specifically, a decrease in own funds compared to 2019 has been recorded, despite the aforementioned issue of a second tranche of subordinated Tier 2 loan. This reduction in own funds was more than offset by the decrease in the SCR. The decrease in the SCR is related to the lower exposures on UL products and to the assets portfolio de-risking, as well as to a lower operational risk due to the decrease in premiums of class I.

The trend at 31 March 2020 of the OFs is mainly generated by a negative impact of the market related to the expansion of the credit risk of both Italian and peripheral government bonds but also of corporate bonds; it is also benefited, as described above, from the issue on February 21, 2020, of an additional 50 million Euros of subordinated loan, with an interest rate of 6.75% and a duration of 10 years, classified as Tier 2.

As for the whole insurance market, during the month of April the further worsening of the level of spreads, that is of the rate differential between Italian government bonds, peripheral countries and corporate bonds with respect to the German Bund, had a negative impact on the Group's solvency levels.

In this context, and in light of the continuous monitoring of the situation put in place by the Directors and the Board of Statutory Auditors, also following the requests made by the Supervisory Authority to companies residing on the Italian market, the Group are putting in place a series of actions aimed at recovering higher solvency levels and in any case in line with Group policies.

Specifically, the main actions are aimed at streamlining the cost structure and optimizing the volume and mix of products sold, based on a renewed profitability analysis of the products and sales networks in the current market context, with the aim of identifying the correct mix of New Business, paying particular attention to the collection of class I. The insurance companies are also assessing whether margins exist for a different asset allocation.

In addition, the company Eurovita S.p.A. intends to proceed with the application to IVASS (the Italian insuranche market regulator) for the so-called "transitional measures" relating to the determination of technical provisions (BEL), which could give very significant benefits on the solvency levels. The potential impact of the other measures under study, however, is still being defined.

Finally, it should be noted that the directors, 3 of whom belong to the structure of the reference shareholder, are convinced that, in the event that the measures briefly described above were, for any reason, insufficient to raise the solvency above the established levels by the relevant corporate policies, also described in the ORSA report, the company and the reference shareholder are available to support and implement all the necessary measures over time to guarantee the restoration of solvency levels consistent with the group's risk appetite, in order to maintain business continuity and protect the interests of policyholders.

It should be noted that on 28 January 2020 the company Pramerica Life S.p.A. started discussions with the trade unions, as set forth in Articles 15 and 16 of the collective bargaining agreement governing relations between companies and non-executive employees, in which it highlighted that some staff was redundant.
Following negotiations, the Parties reached an agreement under which tools were defined to facilitate the voluntary layoff of some of the Company's workers.
The employment relationships will be terminated starting from 31 May 2020.

Milan, 29 May 2020

FOR THE BOARD OF DIRECTORS

Erik STATTIN

Chief Executive Officer

EUROVITA HOLDING

ANNEXES IN LINE WITH REGOLAMENTO ISVAP N. 7/2007

Annex	Reference	Description	Notes
		Balance sheet by activity sector	
		Income statement by activity	
D2	Assets	Scope of Consolidation	
D3	Assets	Breakdown of non-consolidated equity investments	
D4	Assets	Scope of Consolidation: equity investments in companies with significant minority interests	
D5	Assets	Interests in non-consolidated structured entities	
3	Assets	Breakdown of tangible and intangible assets	Breakdown by measurement criteria
4	Assets	Amounts ceded to reinsurers from insurance provisions	
5	Assets	Breakdown of financial assets	Breakdown by asset class
6	Assets	Assets and liabilities related to policies where the investment risk is borne by policyholders and to pension funds	Summary of assets and liabilities relating to contracts with risk borne by the policyholder (former Class D) - regardless of the insurance or financial classification of the original contract
7	Liabilities	Insurance provisions	
8	Liabilities	Financial liabilities	Breakdown by liability class.
9	CE	Technical insurance items	Breakdown of data relating to premiums and claims.
10	CE	Income and expenses from investments, receivables and payables	Breakdown of financial income and charges by original equity item
11	CE	Acquisition and administration costs of insurance business	Breakdown of data relating to management expenses.
15	CE	Details on other comprehensive income	Breakdown of data relating to management expenses.
15	CE	Details on financial assets reclassified and its effect on profit or loss account and comprehensive income	Breakdown of data relating to management expenses.
8	Assets	Assets and liabilities measured at fair value on recurring and non-recurring basis: fair value hierarchy	
9	Assets	Details of the variation of assets and liabilities measured at fair value on a recurring basis classified in Level 3	

BALANCE SHEET - BY ACTIVITY SECTOR

(amounts in Euros)

		NON-LIFE CLASSES		LIFE CLASSES		OTHER		INTERCOMPANY INTER SECTORS		TOTAL	
		DEC 2019	DEC 2018	DEC 2019	DEC 2018	DEC 2019	DEC 2018	DEC 2019	DEC 2018	DEC 2019	DEC 2018
1	**INTANGIBLE ASSETS**	**0**	**0**	**92.792.083**	**107.040.669**	**169.125.661**	**130.401.817**	**0**	**0**	**261.917.744**	**237.442.485**
1.1	Goodwill	0	0	22.050.297	22.050.297	0	0	0	0	22.050.297	22.050.297
1.2	Other intangible assets	0	0	70.741.785	84.990.371	169.125.661	130.401.817	0	0	239.867.446	215.392.188
2	**TANGIBLE ASSETS**	**0**	**0**	**24.381.956**	**466.029**	**153.643**	**40.125**	**0**	**0**	**24.535.599**	**506.154**
2.1	Land and buildings (self used)	0	0	23.324.033	0	0	0	0	0	23.324.033	0
2.2	Other tangible assets	0	0	1.057.923	466.029	153.643	40.125	0	0	1.211.566	506.154
3	**AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS**	**385.975**	**0**	**770.889.358**	**1.227.589.188**	**0**	**0**	**0**	**0**	**771.275.333**	**1.227.589.188**
4	**INVESTMENTS**	**2.888.137**	**0**	**19.316.680.867**	**16.273.258.546**	**-9.996.329**	**23.764.890**	**-11.742.545**	**0**	**19.297.830.130**	**16.297.023.436**
4.1	Land and buildings (investment properties)	0	0	0	0	0	0	0	0	0	0
4.2	Investments in subsidiaries, associated companies and joint ventures	0	0	28.842.158	0	-28.842.158	0	0	0	0	0
4.3	Held to maturity investments	0	0	0	0	0	0	0	0	0	0
4.4	Loans and receivables	0	0	737.270.034	446.709.252	18.845.829	23.764.890	-11.742.545	0	744.373.318	470.474.141
4.5	Available for sale financial assets	2.888.137	0	11.676.519.404	9.140.733.746	0	0	0	0	11.679.407.541	9.140.733.746
4.6	Financial assets at fair value through profit or loss	0	0	6.874.049.270	6.685.815.548	0	0	0	0	6.874.049.270	6.685.815.548
5	**RECEIVABLES**	**26.419**	**0**	**111.705.338**	**89.304.541**	**45.431.441**	**28.773.282**	**-44.662.546**	**-26.948.000**	**112.500.652**	**91.129.823**
5.1	Receivables arising out of direct insurance operations	4.322	0	46.467.625	58.407.078	67	67	395.538	0	46.867.552	58.407.144
5.2	Receivables arising out of reinsurance operations	0	0	3.576.045	5.192.097	0	0	0	0	3.576.045	5.192.097
5.3	Other receivables	22.097	0	61.661.669	25.705.366	45.431.374	28.773.215	-45.058.084	-26.948.000	62.057.056	27.530.582
6	**OTHER ASSETS**	**56.472**	**0**	**481.018.240**	**425.043.769**	**266.974**	**2.794**	**0**	**0**	**481.341.686**	**425.046.563**
6.1	Non-current assets or disposal groups classified as held for sale	0	0	0	0	0	0	0	0	0	0
6.2	Deferred acquisition costs	0	0	53.897.117	35.637.357	0	0	0	0	53.897.117	35.637.357
6.3	Deferred tax assets	49.512	0	-177.007	0	127.495	0	0	0	0	0
6.4	Tax receivables	0	0	325.040.991	306.728.818	59.157	2.794	0	0	325.100.148	306.731.612
6.5	Other assets	6.960	0	102.257.140	82.677.594	80.322	0	0	0	102.344.421	82.677.594
7	**CASH AND CASH EQUIVALENTS**	**774.260**	**0**	**60.991.086**	**60.821.469**	**1.439.093**	**17.075.402**	**0**	**0**	**63.204.438**	**77.896.871**
TOTAL ASSETS		**4.131.263**	**0**	**20.858.458.928**	**18.183.524.211**	**206.420.483**	**200.058.309**	**-56.405.091**	**-26.948.000**	**21.012.605.582**	**18.356.634.520**
1	**SHAREHOLDERS' EQUITY**	**2.706.504**	**0**	**637.185.480**	**348.424.999**	**-27.675.652**	**7.450.198**	**0**	**0**	**612.216.331**	**355.875.196**
2	**OTHER PROVISIONS**	**0**	**0**	**21.276.590**	**22.122.215**	**201.988**	**101.988**	**-5.134.875**	**-5.124.000**	**16.343.703**	**17.100.204**
3	**INSURANCE PROVISIONS**	**1.157.585**	**0**	**12.308.293.168**	**9.794.612.958**	**12.303.007**	**15.596.250**	**0**	**0**	**12.321.753.760**	**9.810.209.208**
4	**FINANCIAL LIABILITIES**	**0**	**0**	**7.555.435.571**	**7.774.376.890**	**0**	**0**	**-11.362.052**	**0**	**7.544.073.519**	**7.774.376.890**
4.1	Financial liabilities at fair value through profit or loss	0	0	6.808.155.866	6.608.308.209	0	0	0	0	6.808.155.866	6.608.308.209
4.2	Other financial liabilities	0	0	747.279.705	1.166.068.681	0	0	-11.362.052	0	735.917.653	1.166.068.681
5	**PAYABLES**	**267.174**	**0**	**169.897.791**	**134.280.121**	**148.033.738**	**117.597.863**	**-39.908.164**	**-21.824.000**	**278.290.539**	**230.053.984**
5.1	Payables arising out of direct insurance operations	18.547	0	34.132.844	26.196.509	0	0	-1.365.535	0	32.785.856	26.196.509
5.2	Payables arising out of reinsurance operations	98.681	0	76.642.648	64.735.497	0	0	0	0	76.741.329	64.735.497
5.3	Other payables	149.946	0	59.122.299	43.348.116	148.033.738	117.597.863	-38.542.629	-21.824.000	168.763.354	139.121.979
6	**OTHER LIABILITIES**	**0**	**0**	**166.370.328**	**109.707.027**	**73.557.401**	**59.312.010**	**0**	**0**	**239.927.730**	**169.019.037**
6.1	Liabilities directly associated with non-current assets and disposal groups classified as held for sale	0	0	0	0	0	0	0	0	0	0
6.2	Deferred tax liabilities	0	0	65.113.712	1.958.947	54.415.499	43.110.856	0	0	119.529.212	45.069.803
6.3	Tax payables	0	0	49.913.435	53.690.017	17.277.117	14.689.412	0	0	67.190.552	68.379.429
6.4	Other liabilities	0	0	51.343.182	54.058.063	1.864.785	1.511.743	0	0	53.207.967	55.569.806
TOTAL EQUITY AND LIABILITIES		**4.131.263**	**0**	**20.858.458.928**	**18.183.524.211**	**206.420.483**	**200.058.309**	**-56.405.091**	**-26.948.000**	**21.012.605.582**	**18.356.634.520**

INCOME STATEMENT BY ACTIVITY SECTOR

(amounts in Euros)

		NON-LIFE CLASSES		LIFE CLASSES		OTHER		INTER-SECTOR ELIMINATIONS		TOTAL	
		DEC 2019	DEC 2018	DEC 2019	DEC 2018	DEC 2019	DEC 2018	DEC 2019	DEC 2018	DEC 2019	DEC 2018
1.1	Net earned premiums	0	0	1.974.144.946	1.199.021.452	0	0	0	0	1.974.144.946	1.199.021.452
1.1.1	*Gross earned premiums*	0	0	2.003.718.893	1.252.222.023	0	0	0	0	2.003.718.893	1.252.222.023
1.1.2	*Earned premiums ceded*	0	0	-29.573.947	-53.200.571	0	0	0	0	-29.573.947	-53.200.571
1.2	Fee and commission income and income from financial service activities	0	0	99.842.690	174.502.063	0	0	0	0	99.842.690	174.502.063
1.3	Net income from financial instruments at fair value through profit or loss	0	0	14.117.727	-62.029.607	0	0	0	0	14.117.727	-62.029.607
1.4	Income from subsidiaries, associated companies and joint ventures	0	0	0	0	0	0	0	0	0	0
1.5	Income from other financial instruments and land and buildings (investment properties)	0	0	260.435.180	239.376.423	-59.784.021	-97.355.568	0	0	200.651.159	142.020.855
1.5.1	*Interest income*	0	0	173.072.004	163.386.123	-50.956.611	-80.727.631	0	0	122.115.393	82.658.492
1.5.2	*Other income*	0	0	38.603.411	30.852.954	0	0	0	0	38.603.411	30.852.954
1.5.3	*Realized gains*	0	0	48.759.765	45.137.346	-8.827.410	-16.627.938	0	0	39.932.356	28.509.408
1.5.4	*Unrealized gains and reversal of impairment losses*	0	0	0	0	0	0	0	0	0	0
1.6	Other income	0	0	63.557.309	61.045.558	87.851.926	-4.872.985	-3.300.934	-4.813.569	148.108.301	51.359.004
1	**TOTAL INCOME**	**0**	**0**	**2.412.097.853**	**1.611.915.889**	**28.067.905**	**-102.228.554**	**-3.300.934**	**-4.813.569**	**2.436.864.824**	**1.504.873.766**
2.1	Net insurance benefits and claims	0	0	-2.065.243.534	-1.245.875.947	45.044.366	88.407.697	0	0	-2.020.199.168	-1.157.468.250
2.1.1	*Claims paid and change in insurance provisions*	0	0	-2.110.438.761	-1.320.334.111	45.044.366	88.407.697	0	0	-2.065.394.395	-1.231.926.414
2.1.2	*Reinsurers' share*	0	0	45.195.227	74.458.164	0	0	0	0	45.195.227	74.458.164
2.2	Fee and commission expenses and expenses from financial service activities	0	0	-99.989.652	-137.998.480	0	0	0	0	-99.989.652	-137.998.480
2.3	Expenses from subsidiaries, associated companies and joint ventures	0	0	0	0	0	0	0	0	0	0
2.4	Expenses from other financial instruments and land and buildings (investment properties)	0	0	-52.362.905	-70.188.319	-1.639.290	-4.915.355	0	0	-54.002.195	-75.103.675
2.4.1	*Interest expenses*	0	0	-34.429.012	-47.983.470	0	0	0	0	-34.429.012	-47.983.470
2.4.2	*Other expenses*	0	0	0	0	0	0	0	0	0	0
2.4.3	*Realized losses*	0	0	-11.858.693	-14.248.056	-1.639.290	-4.915.355	0	0	-13.497.983	-19.163.412
2.4.4	*Unrealized losses and impairment losses*	0	0	-6.075.200	-7.956.793	0	0	0	0	-6.075.200	-7.956.793
2.5	Acquisition and administration costs	0	0	-72.642.639	-79.641.544	-5.044.951	5.854.823	3.300.934	4.813.569	-74.386.656	-68.973.151
2.5.1	*Commissions and other acquisition costs*	0	0	-38.383.467	-44.190.047	0	4.562.766	1.392.996	2.281.383	-36.990.471	-37.345.898
2.5.2	*Investment management expenses*	0	0	-11.959.978	-11.811.099	-115	0			-11.960.094	-11.811.099
2.5.3	*Other administration costs*	0	0	-22.299.194	-23.640.398	-5.044.836	1.292.058	1.907.939	2.532.186	-25.436.091	-19.816.154
2.6	Other expenses	0	0	-75.609.756	-35.117.827	-23.107.615	-11.949.785	0	0	-98.717.371	-47.067.612
2	**TOTAL EXPENSES**	**0**	**0**	**-2.365.848.486**	**-1.568.822.118**	**15.252.510**	**77.397.380**	**3.300.934**	**4.813.569**	**-2.347.295.041**	**-1.486.611.168**
	EARNINGS BEFORE TAXES	**0**	**0**	**46.249.367**	**43.093.771**	**43.320.415**	**-24.831.173**	**0**	**0**	**89.569.782**	**18.262.598**
3	**Income taxes**	**0**	**0**	**-14.522.224**	**-12.208.293**	**12.454.944**	**6.853.219**	**0**	**0**	**-2.067.280**	**-5.355.073**
	Current taxes	0	0	0	0	0	0	0	0	0	0
	Deferred taxes	0	0	0	0	0	0	0	0	0	0
	EARNINGS AFTER TAXES	**0**	**0**	**31.727.143**	**30.885.478**	**55.775.359**	**-17.977.954**	**0**	**0**	**87.502.502**	**12.907.524**
4	**RESULT OF DISCONTINUED OPERATIONS**	**0**	**0**			**0**	**0**	**0**	**0**	**0**	**0**
	CONSOLIDATED RESULT OF THE PERIOD	**0**	**0**	**31.727.143**	**30.885.478**	**55.775.359**	**-17.977.954**	**0**	**0**	**87.502.502**	**12.907.524**
	Attributable to the Group	**0**	**0**	**31.668.670**	**30.715.211**	**55.775.359**	**-17.977.954**	**0**	**0**	**87.444.029**	**12.737.257**
	Attributable to Minority Interests	**0**	**0**	**58.473**	**170.267**	**0**	**0**	**0**	**0**	**58.473**	**170.267**

ANNEX 1 - SCOPE OF CONSOLIDATION

Company name	Country	Method (1)	Assets (2)	% Direct shareholding	% Total interest (3)	% Available votes in General Meeting (4)	% of consolidation
Eurovita S.p.A.	IT	G	1	99,82	100		100
Agenzia Eurovita S.r.l.	IT	G	11	100	100		100
Pramerica Life S.p.A.	IT	G	1		100		100
Pramerica Marketing S.r.l.	IT	G	11		100		100

(1) Consolidation method: Line-by-line integration =G, Proportional integration=P, Line-by-line integration by Department=U
(2) 1=Italian ins. cos.; 2=EU ins. cos.; 3=Third country ins. cos.; 4=insurance holding cos.; 5=EU reins. cos.; 6=Third country reins. cos.; 7=banks; 8=mutual guarantee schemes; 9=other holding cos.; 10=real estate cos. 11=other
(3) This is the product of shareholdings relationships pertaining to all the companies that, placed along the shareholding chain, may be interposed between the company that draws up the consolidated financial statements and the company in question. If the latter is directly owned by several subsidiaries, the individual products should be added up.
(4) Total availability in percentage of votes in the annual general meeting of shareholders if different from the direct or indirect shareholding.

BREAKDOWN OF NON-CONSOLIDATED EQUITY INVESTMENTS

Company name	Country Registered address	Country Operating office	Assets (1)	Type (2)	% Direct shareholding	% Total interest (3)	% Availability of votes in in the annual general meeting (4)	Book value

(1) 1=Italian ins. cos.; 2=EU ins. cos.; 3=Third country ins. cos.; 4=insurance holdings; 4.1= mixed financial cos.; 5=EU reins. cos.; 6=Third country reins. cos.; 7=banks; 8=mutual guarantee schemes; 9=other holding cos.; 10=real estate cos.; 11=other
(2) a=subsidiaries (IFRS 10); b=affiliated companies (IAS28); c=joint ventures (IFRS11); indicate with an asterisk (*) any companies classified as available for sale in accordance with IFRS 5 and include key at the bottom of the table
(3) This is the product of shareholdings relationships pertaining to all the companies that, placed along the shareholding chain, may be interposed between the company that draws up the consolidated financial statements and the company in question. If the latter is directly owned by several subsidiaries, the individual products should be added up
(4) Total availability in percentage of votes in the annual general meeting of shareholders if different from the direct or indirect shareholding

SCOPE OF CONSOLIDATION: EQUITY INVESTMENTS IN COMPANIES WITH SIGNIFICANT MINORITY INTERESTS

% minority interests	% Availability of votes in the annual general meeting for minority interests	Consolidated profit (loss) attributable to minority interests	Sharehol-ders' Equity attributable to minority interests	Summary of economic and financial data							
				Total assets	Investments	Technical Provisions	Financial liabilities	Shareholders' equity	Profit (loss) for the year	Dividends paid out to minority interests	Gross premiums recognized

INTERESTS IN NON-CONSOLIDATED STRUCTURED ENTITIES

Company name of structured entity	Revenues received by structured entity during the period under review	Book value (at the transfer date) of transferred assets to the structured entity during the period under review	Book value of recognized assets relating to structured entity	Corresponding asset item in Balance Sheet	Book value of recognized liabilities relating to structured entity	Corresponding liability item in Balance Sheet	Maximum exposure to loss risk

BREAKDOWN OF TANGIBLE AND INTANGIBLE ASSETS

	At cost	At restated value or at fair value	Total Book value
Land and buildings (investment properties)	0	0	0
Land and buildings (self used)	0	23.324.033	23.324.033
Other tangible assets	1.211.566	0	1.211.566
Other intangible assets	239.867.446	0	239.867.446

AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS

	Direct business		Indirect business		Total Book value	
	DEC 2019	DEC 2018	DEC 2019	DEC 2018	DEC 2019	DEC 2018
Non-life amounts ceded to reinsurers from insurance provisions	**385.975**	**0**	**0**	**0**	**385.975**	**0**
Provisions for unearned premiums	78.310	0	0	0	78.310	0
Provisions for outstanding claims	307.665	0	0	0	307.665	0
Other insurance provisions	0	0	0	0	0	0
Life amounts ceded to reinsurers from insurance provisions	**762.062.370**	**1.215.210.524**	**8.826.989**	**12.378.664**	**770.889.358**	**1.227.589.188**
Mathematical provisions	629.068.450	1.110.072.254	7.603.099	11.618.657	636.671.549	1.121.690.911
Provisions for outstanding claims	132.746.287	104.879.874	1.223.890	760.007	133.970.176	105.639.881
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	0	0	0	0	0	0
of which, DI index and unit linked	0	0	0	0	0	0
of which, DII pension funds	0	0	0	0	0	0
Other insurance provisions	247.633	258.396	0	0	247.633	258.396
Total Amounts ceded to reinsurers from insurance provisions	**762.448.344**	**1.215.210.524**	**8.826.989**	**12.378.664**	**771.275.333**	**1.227.589.188**

BREAKDOWN OF FINANCIAL ASSETS

	Investments held to maturity		Loans and receivables		Available for sale financial assets		Financial assets at fair value through profit or loss				Total Book value	
							Financial assets held for trading		Financial assets designated at fair value through profit or loss			
	DEC 2019	DEC 2018	DEC 2019	DEC 2018	DEC 2019	DEC 2018	DEC 2019	DEC 2018	DEC 2019	DEC 2018	DEC 2019	DEC 2018
Equities at cost	0	0			0	0	0	0	0	0	0	0
Equities at fair value	0	0			21.001.167	26.628.417	0	0	3.000.000	3.116.400	24.001.167	29.744.817
of which quoted equities	0	0			0	0	0	0	0	116.400	0	116.400
Bonds	0	0	645.364.609	360.707.497	10.339.977.097	8.040.267.128	9.908.136	9.964.759	85.729.029	89.588.747	11.080.978.871	8.500.528.131
of which quoted bonds	0	0	52.713.323	65.254.447	10.302.702.097	8.008.549.189	4.856.444	5.387.205	85.729.029	89.558.747	10.446.000.894	8.168.749.588
Investment fund units	0	0			1.318.429.277	1.073.838.201	0	0	6.701.666.216	6.549.802.637	8.020.095.493	7.623.640.839
Loans and receivables from customers	0	0			0	0	0	0	0	0	0	0
Loans and receivables from banks	0	0			0	0	0	0	0	0	0	0
Deposits under reinsurance business accepted	0	0	74.521.466	77.339.531	0	0	0	0	0	0	74.521.466	77.339.531
Deposit components of reinsurance contracts	0	0			0	0	0	0	35.674.881	20.271.626	35.674.881	20.271.626
Other loans and receivables	0	0	24.487.243	32.427.113	0	0	0	0	0	0	24.487.243	32.427.113
Derivatives	0	0			0	0	5.559.050	1.476.800	0	0	5.559.050	1.476.800
Hedging derivatives	0	0			0	0	32.511.959	11.594.579	0	0	32.511.959	11.594.579
Other financial investments	0	0		0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**744.373.318**	**470.474.141**	**11.679.407.541**	**9.140.733.746**	**47.979.145**	**23.036.138**	**6.826.070.125**	**6.662.779.411**	**19.297.830.130**	**16.297.023.436**

ASSETS AND LIABILITIES RELATED TO POLICIES WHERE THE INVESTMENT RISK IS BORNE BY POLICYHOLDERS AND TO PENSION FUNDS

	Benefits linked to investment funds and market indexes		Benefit linked to the management of pension funds		Total	
	DEC 2019	DEC 2018	DEC 2019	DEC 2018	DEC 2019	DEC 2018
Assets	6.858.582.084	6.674.373.990			6.858.582.084	6.674.373.990
Intra-group assets (*)						
Total assets	**6.858.582.084**	**6.674.373.990**			**6.858.582.084**	**6.674.373.990**
Financial liabilities	6.704.697.999	6.573.162.441			6.704.697.999	6.573.162.441
Insurance provisions (**)	125.271.274	95.239.099			125.271.274	95.239.099
Intra-group liabilities (*)						
Total Liabilities	**6.829.969.274**	**6.668.401.540**			**6.829.969.274**	**6.668.401.540**

(*) Intra-group assets and liabilities refer to assets and liabilities which are eliminated in the consolidation process.
(**) Insurance provisions are net of amounts ceded to reinsurers from insurance provisions.

INSURANCE PROVISIONS

	Direct business		Indirect business		Total Book value	
	DEC 2019	DEC 2018	DEC 2019	DEC 2018	DEC 2019	DEC 2018
Non-life insurance provisions	**1.157.585**	**0**	**0**	**0**	**1.157.585**	**0**
Provisions for unearned premiums	363.423	0	0	0	363.423	0
Provisions for outstanding claims	794.162	0	0	0	794.162	0
Other insurance provisions	0	0	0	0	0	0
of which provisions for liability adequacy test	0	0	0	0	0	0
Life insurance provisions	**12.244.595.227**	**9.716.266.758**	**76.000.948**	**78.346.201**	**12.320.596.175**	**9.794.612.958**
Provisions for outstanding claims	298.570.413	237.381.434	1.479.484	1.006.671	300.049.897	238.388.104
Mathematical provisions	10.703.878.787	8.984.824.755	74.521.464	77.339.530	10.778.400.251	9.062.164.285
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	125.271.274	95.239.099	0	0	125.271.274	95.239.099
Other insurance provisions	1.116.874.752	398.821.470	0	0	1.116.874.752	398.821.470
of which provisions for liability adequacy test	0	0	0	0	0	0
of which deferred policyholder liabilities	946.801.344	226.936.802	0	0	946.801.344	226.936.802
Total Insurance Provisions	**12.245.752.812**	**9.716.266.758**	**76.000.948**	**78.346.201**	**12.321.753.760**	**9.794.612.958**

FINANCIAL LIABILITIES

	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total Book value	
	Financial liabilities held for trading		Financial liabilities designated at fair value through profit or loss					
	DEC 2019	DEC 2018	DEC 2019	DEC 2018	DEC 2019	DEC 2018	DEC 2019	DEC 2018
Preference shares	0	0	0	0	0	0	0	0
Subordinated liabilities	0	0	0	0	110.338.233	45.384.309	110.338.233	45.384.309
Financial liabilities related to investment contracts issued by insurance companies	0	0	6.740.140.856	6.605.216.598	0	0	6.740.140.856	6.605.216.598
when the investment risk is borne by policyholders	0	0	6.740.140.856	6.605.216.598	0	0	6.740.140.856	6.605.216.598
pension funds	0	0	0	0	0	0	0	0
other liabilities related to investment contracts	0	0	0	0	0	0	0	0
Deposits received from reinsurers	0	0	0	0	625.059.420	1.109.953.373	625.059.420	1.109.953.373
Deposit components of insurance contracts	0	0	0	0	0	0	0	0
Bonds	0	0	0	0	0	0	0	0
Liabilities to customers	0	0	0	0	0	0	0	0
Liabilities to banks	0	0	0	0	0	0	0	0
Other loans	0	0	0	0	0	0	0	0
Derivatives	0	2.301.900	0	0	0	0	0	2.301.900
Hedging derivatives	68.015.010	789.711	0	0	0	0	68.015.010	789.711
Other financial liabilities	0	0	0	0	520.000	10.731.000	520.000	10.731.000
Total	**68.015.010**	**3.091.611**	**6.740.140.856**	**6.605.216.598**	**735.917.653**	**1.166.068.681**	**7.544.073.519**	**7.774.376.890**

TECHNICAL INSURANCE ITEMS

		DEC 2019			DEC 2018		
		Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount
Non-life business							
NET EARNED PREMIUMS		0	0	0	0	0	0
a	Premiums WRITTEN	0	0	0	0	0	0
b	Change in the provisions for unearned premiums	0	0	0	0	0	0
NET INSURANCE BENEFITS AND CLAIMS		0	0	0	0	0	0
a	Claims paid	0	0	0	0	0	0
b	Change in the provisions for outstanding claims	0	0	0	0	0	0
c	Change in claims to be recovered	0	0	0	0	0	0
d	Change in other insurance provisions	0	0	0	0	0	0
Life business							
NET PREMIUMS		2.003.718.893	29.573.947	1.974.144.946	1.252.222.023	53.200.571	1.199.021.452
NET INSURANCE BENEFITS AND CLAIMS		2.110.438.761	45.195.227	2.065.243.534	1.231.926.414	74.458.164	1.157.468.250
a	Claims paid	1.536.555.864	502.036.016	1.034.519.847	1.328.968.248	369.866.635	959.101.613
b	Change in the provisions for outstanding claims	53.946.915	28.330.296	25.616.620	48.961.232	49.551.277	-590.046
c	Change in the mathematical provisions	511.904.617	-485.160.322	997.064.939	5.484.009	-344.942.285	350.426.294
d	Change in the provisions for policies where the investment risk is borne by the policyholders and in the provisions for pension funds	32.307.422		32.307.422	8.388.237		8.388.237
e	Change in other insurance provisions	-24.276.057	-10.763	-24.265.294	-159.875.313	-17.464	-159.857.849

INCOME AND EXPENSES FROM INVESTMENTS, RECEIVABLES AND PAYABLES

	Interests	Other income	Other expenses	Realized gains	Realized losses	Total realized gains and losses	Unrealized gains and reversal of impairment losses		Unrealized losses and impairment losses		Total unrealized gains and losses	Total income and expenses December 2019	Total income and expenses December 2018
							Unrealized gains	Reversal of impairment losses	Unrealized losses	Impairment losses			
Income and expenses from investments	**124.553.615**	**47.465.803**	**14.280.561**	**255.239.095**	**17.982.268**	**394.995.683**	**643.546.915**	**0**	**843.346.895**	**0**	**-199.799.979**	**195.195.704**	**443.850.359**
a from land and buildings (investment properties)	0	0	0	0	0	0	0	0	0	0	0	0	0
b from investments in subsidiaries, associated companies and joint ventures	0	0	0	0	0	0	0	0	0	0	0	0	0
c from held to maturity investments	0	0	0	0	0	0	0	0	0	0	0	0	0
d from loans and receivables	9.576.911	0	0	0	0	9.576.911	0	0	0	0	0	9.576.911	8.486.324
e from available for sale financial assets	112.538.482	38.603.411	0	39.932.356	13.497.983	177.576.266	0	0	6.075.200	0	-6.075.200	171.501.066	106.414.326
f from financial assets held for trading	283.766	0	0	0	10.478	273.288	4.909.489	0	5.658.100	0	-748.611	-475.323	-1.362.218
g from financial assets designated as at fair value through profit or loss	2.154.456	8.862.393	14.280.561	215.306.739	4.473.807	207.569.219	638.637.426	0	831.613.595	0	-192.976.168	14.593.050	330.311.927
Income and expenses from receivables	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Income and expenses from cash and cash equivalents	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Income and expenses from financial liabilities	**0**	**0**	**0**	**0**	**0**	**-34.429.012**	**0**	**0**	**0**	**0**	**0**	**-34.429.012**	**-438.962.786**
a from financial liabilities held for trading	0	0	0	0	0	0	0	0	0	0	0	0	0
b from financial liabilities designated as at fair value through profit or loss	0	0	0	0	0	0	0	0	0	0	0	0	-390.979.316
c from other financial liabilities	-34.429.012	0	0	0	0	-34.429.012	0	0	0	0	0	-34.429.012	-47.983.470
Income and expenses from payables	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	**90.124.602**	**47.465.803**	**14.280.561**	**255.239.095**	**17.982.268**	**360.566.671**	**643.546.915**	**0**	**843.346.895**	**0**	**-199.799.979**	**160.766.692**	**4.887.573**

ACQUISITION AND ADMINISTRATION COSTS OF INSURANCE BUSINESS

	Non-Life business		Life business	
	DEC 2019	DEC 2018	DEC 2019	DEC 2018
Commissions and other acquisition costs	-	-	45.275.601	53.012.288
a Acquisition and administration commissions	-	-	28.471.800	27.747.804
b Other acquisition costs	-	-	20.508.070	30.992.500
c Change in deferred acquisition costs	-	-	-6.021.326	-8.991.239
d Collecting commissions	-	-	2.317.057	3.263.223
Commissions and profit commissions from reinsurers	-	-	-6.892.134	-11.103.624
Commissions and other acquisition costs net of commissions and profit commissions from reinsurers	-	-	11.959.978	11.811.099
Other administration costs		-	22.299.194	24.880.526
Total	**-**	**-**	**72.642.639**	**78.600.289**

DETAILS ON OTHER COMPREHENSIVE INCOME

	Allocation		Transfer to profit and loss account		Other transfer		Total variation		Taxes		Amount	
	Total Year 2019	Total Year 2018	Total Year 2019	Total Year 2018	Total Year 2019	Total Year 2018	Total Year 2019	Total Year 2018	Total Year 2019	Total Year 2018	Total Year 2019	Total Year 2018
Items that may not be reclassified to profit and loss in future periord	**-58.251**	**20.235**	**-**	**-**	**-**	**-**	**-58.251**	**20.235**	**25.951**	**-9.015**	**-86.042**	**-27.791**
Revenue reserve from valuation of equity		-						-				-
Reserve for revaluation model on intangible assets		-						-				-
Reserve for revaluation model on tangible assets		-						-				-
Result of discontinued operation		-						-				-
Actuarial gains or losses arising from defined benefit plans	-58.251	20.235					-58.251	20.235	25.951	-9.015	-86.042	-27.791
Others		-						-				-
Items that may be reclassified to profit and loss in future periord	**139.386.812**	**-18.858.250**	**542.780**	**-**	**-**	**-**	**139.929.592**	**-18.858.250**	**-62.339.260**	**8.401.435**	**90.987.571**	**-48.942.021**
Reserve for currency transition differences		-						-				-
Net unrealized gains and losses on investments available for sale	152.567.025	-31.104.850	542.780	-			153.109.805	-31.104.850	-68.211.104	13.857.350	100.755.038	-52.238.231
Net unrealized gains and losses on hedging derivatives	-13.180.213	12.246.600					-13.180.213	12.246.600	5.871.844	-5.455.915	-9.767.467	3.296.210
Net unrealized gains and losses on hedge of a net investment in foreign operations		-						-				-
Shares of other comprehensive income of associates		-						-				-
Result of discontinued operation		-						-				-
Others		-						-				-
TOTAL OTHER COMPREHENSIVE INCOME	**139.328.560**	**-18.838.015**	**542.780**	**-**	**-**	**-**	**139.871.341**	**-18.838.015**	**-62.313.309**	**8.392.420**	**90.901.529**	**-48.969.812**

DETAILS ON FINANCIAL ASSETS RECLASSIFIED AND ITS EFFECT ON PROFIT OR LOSS ACCOUNT AND COMPREHENSIVE INCOME

Financial asset categories affected by the reclassification		Financial assets	Amount of the financial assets reclassified in the year at the reclassification date	Book value of reclassified financial assets at 31/12/2019		Fair value AS AT 31/12/2019		Financial assets reclassified in 2019		Financial assets reclassified until 2019		Financial assets reclassified in 2019		Financial assets reclassified until 2019	
from	to			Financial assets reclassified in 2019	Financial assets reclassified until 2019	Financial assets reclassified in 2019	Financial assets reclassified until 2019	Fair value gains or losses through profit or loss	Fair value gains or losses through equity	Fair value gains or losses through profit or loss	Fair value gains or losses through equity	Fair value gains or losses that would be recognized through profit or loss without reclassification	Fair value gains or losses that would be recognized through equity without reclassification	Fair value gains or losses that would be recognized through profit or loss without reclassification	Fair value gains or losses that would be recognized through equity without reclassification
Total															

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON RECURRING AND NON-RECURRING BASIS: FAIR VALUE HIERARCHY

		Level 1		Level 2		Level 3		Total	
		Year 2019	Year 2018	Year 2019	Year 2018	Year 2019	Year 2018	Year 2019	Year 2018
Financial assets and liabilities at fair value on a recurring basis									
Available for sale financial assets		10.952.180.829	8.583.717.492	100.616.293	279.510.312	626.610.419	277.505.942	11.679.407.541	9.140.733.746
Financial assets at fair value through profit or loss	Financial assets held for trading	-	677.553	47.979.145	22.358.586	-	-	47.979.145	23.036.138
	Financial assets designated at fair value through profit or loss	6.823.070.125	6.659.749.283	-	30.128	3.000.000	3.000.000	6.826.070.125	6.662.779.411
Investment properties		-	-		-		-	-	-
Tangible assets		-	-		-		-	-	-
Intangible assets		-	-		-	261.917.743	104.513.389	261.917.743	104.513.389
Total financial assets at fair value on a recurring basis		17.775.250.954	15.244.144.327	148.595.438	301.899.025	891.528.162	385.019.331	18.815.374.554	15.931.062.683
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading	-	-	-68.015.010	-3.091.611	-	-	-68.015.010	-3.091.611
	Financial liabilities designated at fair value through profit or loss	-6.740.140.856	-6.605.216.598		-	-	-	-6.740.140.856	-6.605.216.598
Total financial liabilities at fair value on a recurring basis		-6.740.140.856	-6.605.216.598	-68.015.010	-3.091.611	-	-	-6.808.155.866	-6.608.308.209
Financial assets and liabilities at fair value on a non-recurring basis									
Non-current assets or of discontinued operations		-	-	-	-	-	-	-	-
Non-current liabilities or of discontinued operations			-	-	-	-	-	-	-

DETAILS OF THE VARIATION OF ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS CLASSIFIED IN LEVEL 3

	Available for sale financial assets	Financial assets at fair value through profit or loss		Investment properties	Tangible assets	Intangible assets	Financial liabilities at fair value through profit or loss	
		Financial assets held for trading	Financial assets designated as at fair value through profit or loss				Financial liabilities held for trading	Financial liabilities designated as at fair value through profit or loss
Opening balance	277.505.942	-	3.000.000	-	-	104.513.389	-	-
Purchases and issues	415.919.594	-	-	-	-	60.312.323	-	-
Disposals through sales and settlements	-59.559.422	-	-	-	-	-	-	-
Pay-backs	-	-	-	-	-	-	-	-
Net gains and losses recognized in P&L	-5.511.642	-	-	-	-	-	-	-
- of which net unrealised gains and losses	-5.775.812	-	-	-	-	-	-	-
Net unrealised gains and losses recognized in OCI	-	-	-	-	-	-	-	-
Net transfers to Level 3	-	-	-	-	-	-	-	-
Net transfers out of Level 3	-	-	-	-	-	-	-	-
Other changes	-1.744.053	-	-	-	-	97.092.031	-	-
Closing balance	**626.610.419**	**-**	**3.000.000**	**-**	**-**	**261.917.743**	**-**	**-**

ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE: FAIR VALUE HIERARCHY

	Book value		Fair value							
			Level 1		Level 2		Level 3		Total	
Assets	Year 2019	Year 2018	Year 2019	Year 2018	Year 2019	Year 2018	Year 2019	Year 2018	Year 2019	Year 2018
Held to maturity investments	-	-	-	-	-	-	-	-	-	-
Loans and receivables	744.373.318	470.474.141	29.248.005	38.992.011	601.199.085	297.950.597	118.014.856	140.097.392	748.461.947	477.040.000
Investments in subsidiaries, associated companies and joint ventures	-	-	-	-	-	-	-	-	-	-
Land and buildings (investment properties)	-	-	-	-	-	-	-	-	-	-
Tangible assets	24.535.599	506.154	-	-	-	-	24.535.599	506.154	24.535.599	506.154
Total assets	**768.908.917**	**470.980.295**	**29.248.005**	**38.992.011**	**601.199.085**	**297.950.597**	**142.550.456**	**140.603.546**	**772.997.546**	**477.546.154**
Liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other liabilities	-735.917.653	-1.166.068.681	-	-	-	-	-735.917.653	-1.166.068.681	-735.917.653	-1.166.068.681

Eurovita Holding S.p.A.
Via Pampuri, 13 - 20141 Milan - Italy
www.eurovita.it