EUROVITA HOLDING

CONSOLIDATED FINANCIAL STATEMENTS

2020

Eurovita Holding S.p.A.

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

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

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EUROVITA HOLDING

REPORT
ON OPERATIONS

Dear Shareholders,

The financial statements as at 31 December 2020 of the Eurovita Holding S.p.A. Group, which we submit for your approval, show a Group loss of €27.7 million, compared with a Group profit of €87.4 million in the previous year. This deterioration was mainly due to the recognition in the previous year of a "bargain purchase" gain of €85.0 million, following the purchase price allocation ("PPA") process required by IFRS 3 relating to the acquisition of Pramerica Life S.p.A. from the Prudential group, the Liquidity Bonus initiative, which generated higher early redemption incentive costs (€20.1 million), higher non-recurring costs incurred for the closure of the former ERGO Previdenza agency network (€9.8 million) and the implementation of new commercial agreements (€4.0 million).

The most significant data that emerge from the end of financial year 2020 are shown in the following table:

(amounts in Euro thousand)

	31 December 2020	31 December 2019
Gross earned premiums	**1.330,2**	2.003,7
Acquisition costs and admin. exp.	**100,3**	62,4
Net insurance benefits and claims	**1.382,0**	2.020,2
Gross earned premiums pertaining to the Life segment	**1.329,3**	2.003,7
Acquisition costs and admin. exp. - Life	**100,1**	62,4
Impact on premiums	**7,5%**	3,1%
Gross earned premiums pertaining to the Non-Life segment	**0,8**	-
Acquisition costs and admin. exp. - Non-Life	**0,3**	-
Impact on premiums	**31,2%**	0,0%
Total financial income	**268,4**	214,8
Total financial charges	**66,7**	54,0
Investments	**19.420,8**	19.297,8
Capital and reserves of the Group (net Profit of the Year)	**549,5**	523,8
Net profit for the Group	**-27,7**	87,4
Number of employees	**279**	324

economic amounts at 31 december 2019 doesn't include Pramerica Life S.p.A. and its related Pramerica Marketing S.r.l. figures

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 2017, Phlavia Investimenti S.p.A. (now Eurovita Holding S.p.A.) acquired the investee company Ergo Italia S.p.A.

In 2017, the subsidiary Ergo Previdenza S.p.A. (hereinafter also "Ergo Previdenza") made two acquisitions. On 9 January 2017, subject to IVASS authorisation issued through Order 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 IVASS authorisation issued through Order No. 0150511/17 of 3 August 2017, it completed the acquisition of the share capital of Eurovita Assicurazioni S.p.A. (hereinafter also "EVA"). Following authorisation by IVASS, 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 held by Agenzia Eurovita S.r.l and Eurovita S.p.A in Eurovita Service S.c.r.l. (respectively 0.52% and 6.21%) to enable Eurovita Holding S.p.A. to wholly own the former consortium company and subsequently proceed with the merger by incorporation. This operation took place on 20 November 2018, with retroactive accounting and tax effects as of 1 January 2018. The aim is to simplify and increase the efficiency of the corporate chain.

On 18 December 2019, the subsidiary Eurovita S.p.A. completed the acquisition of Pramerica Life S.p.A. from the Prudential Group. This transaction, authorised by IVASS by Order No. 0281247/19 of 10 December 2019, is part of the growth strategy implemented by the Group and confirms its aim of positioning itself as a leader in the consolidation of the Italian Life insurance industry.

Following a resolution of the Board of Directors of 29 May 2020, the subsidiary Eurovita S.p.A. implemented in July 2020 all the activities necessary to prepare the documentation necessary to apply for authorisation, to be sent to IVASS, for the merger by incorporation of the investee company.

On 16 December 2020, authorisation was received from IVASS by Resolution No. 112/2020. The merger will therefore take place on 31 March 2021 with retroactive accounting and tax effects as of 1 January 2021.

Lastly, it should be noted that on 24 June 2020, the shareholders' meeting of Pramerica Marketing S.r.l., by deed of notary Laura Cavallotti, resident in Milan and registered with the Milan Board of Notaries, resolved, pursuant to Article 2484, paragraph 1 - No. 6 of the Italian Civil Code, to place the company in voluntary liquidation. The appointment of the liquidator was registered in the Milan Companies Register on the same date.

Comparative analysis of data with respect to the previous financial year

The comparative analysis of the income statement and statement of financial position data for the year compared with that of the previous financial year is affected by the fact that, on 18 December 2019, Eurovita S.p.A. completed the acquisition of Pramerica Life S.p.A. As a result of the purchase price allocation (PPA) process required by IFRS 3, this transaction generated the recognition of a "bargain purchase" gain of €85.0 million, recognised under "other revenues" in the consolidated financial statements as at 31 December 2019.

The comparative analysis of financial statement data for the year compared with those of the previous financial year has been affected by the acquisition described above.

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

2. Overview of the economic situation

The resurgence of Covid-19 infections in the autumn resulted in a slowdown in global activity during 2020, particularly in the developed economies. The launch of vaccination campaigns had a favourable effect on the outlook for the medium term, but the timing and extent of the recovery remains uncertain.

In the euro area, the effects of the pandemic on economic activity and prices are expected to last longer than previously assumed. The Governing Council of the European Central Bank has broadened and extended the monetary stimulus to ensure favourable financing conditions for all sectors for as long as it is required to ensure full support for the economy and inflation; it is prepared to recalibrate its tools again if necessary.

In Italy, stronger-than-expected growth in the third quarter pointed to a strong capacity for economic recovery. However, the second wave of the pandemic, as in other countries in the area, caused another contraction in production in the fourth quarter: on the basis of available indicators, this is currently estimated at -3.5%, although the uncertainty around this estimate remains very high.

The decline in activity was pronounced in services and marginal in manufacturing. According to our surveys, business valuations have become less favourable, but are still a long way from the pessimism of the first half of last year. Companies are planning to expand their investment projects in 2021.

In the third quarter of 2020, the recovery in the Italian export of goods and services was very significant, well above that recorded by world trade; this continued in the autumn, but less strongly. In the final months of last year, capital inflows and purchases of Italian government securities by non-residents resumed; the Bank of Italy's balance on TARGET2 improved. Thanks to the prolonged current account surplus, the balance of payments became slightly positive after three decades of negative balances.

In the summer quarter, as businesses reopened in the spring, hours worked increased sharply and the use of wage guarantee mechanisms decreased. Job numbers also started to rise again. However, the latest available data show a further increase in the use of the Income Support Fund (*Cassa integrazione guadagni*) since October, albeit at levels far below those reached during the first wave of the pandemic. In November, the recovery in the number of new jobs was largely halted, with a difference compared with the same period last year coming to light, particularly for young people and women.

The change in consumer prices remained negative, reflecting price developments in the service sectors most affected by the crisis, which continue to be affected by weak demand. Analyst and company inflation expectations still point to very low values over the next 12 months.

Announcements about vaccine availability, further monetary and fiscal support, and resolution of the uncertainty surrounding the presidential election in the United States boosted optimism in the financial markets in Italy and abroad. The spread in yields between Italian and German 10-year government bonds are narrower than their pre-crisis levels. However, the financial markets remain sensitive to developments in the pandemic.

Italian banks have continued to meet corporate demand for funds. Supply conditions have remained loose overall due to continued support from monetary policy and public guarantees. The cost of bank bond funding has decreased further and rates on loans to businesses and households have remained low.

In response to a resurgence of the health emergency, the government took further measures to support households and businesses in the final quarter of 2020. The budgetary package provides for more net borrowing compared with the current legislative framework, both this year and next. An additional expansionary boost is expected from measures to be defined under Next Generation EU (NGEU).

Macroeconomic projections for the Italian economy in 2021-23 are based on assumptions that the health crisis will gradually come back under control in the first half of this year and be fully overcome by 2022; that the strong support of fiscal policy will continue, boosted by the use of available funds under the NGEU; and that monetary policy will continue to ensure that financial conditions are favourable throughout the period, as envisaged by the Governing Council of the ECB.

On the basis of the above, production will return to significant levels of growth from the spring, with GDP currently estimated to grow at 3.5% on average this year, 3.8% next year and 2.3% in 2023, when it will return to pre-pandemic levels. Investment is expected return to a sustained rate of growth, benefiting from stimulus measures, and exports will make a substantial recovery; meanwhile, recovery in consumption is likely to be more gradual, with only a partial reabsorption of the greater appetite for saving observed when the pandemic began. Inflation will also remain low this year, only rising gradually in 2022-23.

The growth estimate for 2021 is significantly affected by the adverse knock-on effect of the projected fall in production towards the end of 2020. Growth in activity will be stronger from the second quarter and significantly stronger in 2022, due to the stimulus of the support measures. However, the possibility of achieving these rates of growth in production presupposes that the expansionary effects of the measures (still being defined) envisaged under NGEU will all occur; that the support measures will prevent higher corporate indebtedness from having negative repercussions on financial stability; and that concerns about the evolution of the epidemic will not worsen. However, growth could be higher if faster progress is made in controlling the infection rate.

(Source: Bank of Italy Economic Bulletin No. 1/2021).

3. Situation of the Italian Life insurance market

In 2020, new business in individual and collective life policies of Italian and non-EU companies, including additional single premiums, reached €84.2 billion in premiums, decreasing by 6.5% on the previous year (with the contraction becoming less pronounced as the year went on).

New premiums on individual policies alone amounted to Euro 79.6 billion, constituting 94% of total new business, down by 7.8% compared with 2019 after two straight years of growth. Also taking into account new life premiums in the sample of EU companies, amounting to €12.0 billion, down 13.4% compared with 2019, new life business totalled €96.2 billion, 7.4% down on the previous year.

With regard to Italian and non-EU companies alone, an analysis of the trend by insurance class type shows that Class I continued to play the leading role in the Life segment in 2020, constituting two-thirds of total new business, although nearly 4 percentage points lower than in 2019. Class I registered a decline of 11.6% on the previous year with €55.3 billion in premiums, an improvement on the -19.8% decrease in the first half of 2020.

This result was, however, at least partly offset by higher premium income in Class III (except in the second quarter), which was up 3.4% at year-end compared with 2019, giving a volume of new premiums of €24.5 billion (almost exclusively individual policies). Class III as a proportion of new premium income increased to 29% from 26% in 2019.

New business relating to the management of pension funds (Class VI) amounted to €2.6 billion in 2020 (including €2.5 billion in collective policies), 72.4% more than in 2019 (due in large part to the acquisition of a major fund by a company at the end of the first half of the year). With regard to Class V, there was a decrease in 2020 (down 24.2% compared with 2019) in new premium income (€1.7 billion) for both individual and collective policies.

In relation to the activities of Italian and non-EU companies, 65% of new Life business by distribution channel was brokered through bank and post office branches, with a premium volume of €54.5 billion and a decrease of 9.0% compared with 2019.

Premium income from new policies through the qualified financial advisers channel was also negative. Premiums contracted by 7.3% compared with 2019, to €11.3 billion, while market share was almost unchanged at 13.5% of all new business. The volume of new business distributed by the agents' channel in 2020 was €10.5 billion (12% of total new business), also down by 3.5% compared with the previous year, while the direct sales channel put in the only positive performance (up 8.6% compared with 2019), with new premiums of €6.5 billion (8% of the total).

Adding subsequent annual payments relating to policies taken out in previous years to the new business premiums of individual and collective policies, it is estimated that total Life premiums (gross amounts) in 2020 should reach approximately €100 billion, down 6% compared with 2019.

As already observed for new production in the current year, this result reflects the contraction (9%) in Class I premium income, to €66 billion (66% of total Life premiums), which was only minimally offset by the increase in Class VI policies (up 36%, with a volume of almost €4 billion), while the volume relating to Class III (unit-linked) policies is estimated to be almost unchanged compared with that recorded in 2019, amounting to almost €28 billion (28% of total premium income).

New annual business by distribution channel

Italian and non-EU companies (millions of euro)

(individual and collective)	2018		2019		2020	
DISTRIBUTION CHANNEL	**Premiums**	**18/17 (%) change**	**Premiums**	**19/18 (%) change**	**Premiums**	**20/19 (%) change**
Bank and post office branches	57.790	4,1%	59.878	3,6%	**54.511**	**-9,0%**
Agents	9.133	-1,0%	10.856	18,9%	**10.479**	**-3,5%**
Directly Operated Agencies	4.702	15,5%	5.976	27,1%	**6.490**	**8,6%**
Qualified Financial Advisers	12.535	-2,4%	12.235	-2,4%	**11.341**	**-7,3%**
Other forms (including Brokers)	1.303	104,7%	1.163	-10,7%	**1.399**	**20,3%**
Italian and non-EU enterprises	**85.462**	**3,8%**	**90.108**	**5,4%**	**84.220**	**-6,5%**

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	18,0%	0,4%	2,0%	1,1%	0,1%	1,2%	0,6%
Single	61,9%	96,0%	87,4%	87,4%	98,5%	84,0%	94,8%
Recurring	20,1%	3,6%	10,6%	11,5%	1,4%	14,8%	4,6%
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**

(Souce: ANIA – Trends - February 2021)

4. The Group's performance

4.1 General performance

As previously mentioned, the Group's consolidated result showed a loss of €27.7 million, a marked decrease on the €87.4 million profit recorded in 2019. The deterioration in the result is mainly due to the "bargain purchase" gain (€85.0 million) relating to the aforementioned acquisition of Pramerica Life S.p.A. in 2019, the Liquidity Bonus initiative, which generated higher early redemption incentive costs (€20.1 million), higher non-recurring costs incurred for the closure of the former ERGO Previdenza agency network (€9.8 million) and the implementation of new commercial agreements (€4.0 million).

The results for the year ended 31 December 2020 achieved by the direct and indirect subsidiaries before any consolidation entries are set out below:

- Eurovita S.p.A. registered a profit of €11.2 million, down €20.5 million compared with the previous year (€31.7 million) as it was affected, as mentioned above, by the Liquidity Bonus initiative and non-recurring costs incurred for the closure of the agency network and the implementation of new commercial agreements;
- The Group's other insurance company, Pramerica Life S.p.A., registered a profit of €2.9 million. It should be noted that the Company's 2019 result did not contribute to the Group's result for the purposes of the 2019 consolidated financial statements of Eurovita Holding S.p.A.;
- Agenzia Eurovita S.r.l. recorded a profit of €0.5 million;
- Pramerica Marketing S.r.l. recorded a loss of €0.01 million;
- The parent company Eurovita Holding S.p.A. recorded a profit of €8.0 million. This result includes €11.6 million for the positive effect of equity investment write-ups.

It should be noted that the results of the above Group companies are obtained by applying the International Financial Reporting Standards adopted by the European Union in accordance with ISVAP Regulation No. 7/2007 and, with the exception of Eurovita S.p.A., differ from those shown in the respective 2020 statutory financial statements, prepared according to national accounting principles.

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

- to 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;
- to safeguard the Company's going concern basis and its ability to develop business;

- to continue to ensure an adequate return on capital to shareholders;
- to 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 for at least 12 months. The Company prepared the financial statements on a going concern basis; please refer to the section entitled "4.6 Significant events after year-end" in this Report for further clarification.

The investee insurance companies are overseen by the controlling authority (IVASS) and meet the solvency requirements laid down in the relevant regulations.

In order to strengthen its solvency position, the Group and its subsidiary Eurovita S.p.A. have maintained the freeze on dividend pay-outs as per the Capital Plan. In addition, on 31 January 2020, the Board of Directors of the subsidiary Eurovita S.p.A. resolved to amend certain terms and conditions relating to the Tier 2 subordinated bond issued on 28 June 2019 totalling €65.0 million, resulting in the issue of additional securities totalling €50.0 million. On 21 February 2020, the entire nominal amount of the above new bond issue was subscribed (in return for a payment of €49.5 million) by the Fifth CINVEN Fund, a member of the control chain of the issuer of the aforementioned bond.

It should also be noted that the entire bond loan was subsequently sold, for €114.5 million, by the Fifth CINVEN Fund to a third-party investor (Tenshi Investment Pte Ltd) which currently holds the entire amount.

Mandatory information on compliance with Solvency Capital Requirements by the Group's insurance companies, in particular with the Solvency Capital Requirement and Minimum Capital Requirement, as well as the eligible amount of Own Funds to cover the above requirements classified by tier, is shown below:

It should be noted that the values below represent the best estimate for the 2020 Solvency II annual closing, as the deadline for sending these data to IVASS is 8 April 2021. The values are higher than those set out in the RAF.

(amounts in Euro thousand)

Eurovita S.p.A. Eligible and available Own Funds to cover SCR	Own funds available	Eligibility adjustments	Own funds eligible
Tier 1 unrestricted	574.297	-	574.297
Tier 1 restricted	-	-	-
Tier 2	171.763	-	171.763
Tier 3	-	-	-
Total OF	**746.060**	**-**	**746.060**
Total SCR			**424.734**
Surplus (shortage)			**321.326**

(amounts in Euro thousand)

Eurovita S.p.A. Eligible and available Own Funds to cover MCR	Own funds available	Eligibility adjustments	Own funds eligible
Tier 1 unrestricted	574.297	-	574.297
Tier 1 restricted	-	-	-
Tier 2	171.763	133.537	38.226
Tier 3	-	-	-
Total OF	**746.060**	**133.537**	**612.523**
Total MCR			**191.130**
Surplus (shortage)			**421.393**

(amounts in Euro thousand)

Pramerica Life S.p.A. Eligible and available Own Funds to cover SCR	Own funds available	Eligibility adjustments	Own funds eligible
Tier 1 unrestricted	132.568	-	132.568
Tier 1 restricted	-	-	-
Tier 2	11.362	-	11.362
Tier 3	-	-	-
Total OF	**143.930**	**-**	**143.930**
Total SCR			**35.842**
Surplus (shortage)			**108.088**

(amounts in Euro thousand)

Pramerica Life S.p.A. Eligible and available Own Funds to cover MCR	Own funds available	Eligibility adjustments	Own funds eligible
Tier 1 unrestricted	132.568	-	132.568
Tier 1 restricted	-	-	-
Tier 2	11.362	-8.136	3.226
Tier 3	-	-	-
Total OF	**143.930**	**-8.136**	**135.794**
Total MCR			**16.129**
Surplus (shortage)			**119.665**

Based on the data in the above tables, which show a Solvency Ratio of 175.7% for Eurovita S.p.A. and 401.6% for Pramerica Life S.p.A., the projections for the Group's annual closing are as follows:

(Millions of Euro)

	Own Funds	SCR	Solvency Ratio
Eurovita Group Annual 2020	**738**	**429**	172%

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 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 2020 show a net profit of €11.2 million, compared with a profit of €31.7 million achieved at the end of 2019.

The key figures from the end of 2020 can be summarised as follows:

- premium income relating to products classified as insurance contracts or as investment contracts with profit-sharing, was €1,192.2 million, compared with €2,003.7 million in 2019.

  New business, amounting to €1,045.6 million, decreased by 43.3% compared with the previous year, due to the lower single premiums, which amounted to €714.7 million, and a reduction in annual premiums, which amounted to €82.7 million;
- the premium income on financial products, classified under IAS 39 in accordance with IAS/IFRS, was €462.7 million, compared with €485.6 million in 2019, a decrease of over €22.9 million;
- in 2020, indirect business, concentrated in run-off treaties with Spanish and Belgian companies of the ERGO group, resulted in premium income of €4.6 million, compared with €5.2 million in the previous financial year, i.e. a decrease of 11%;
- premiums ceded decreased by 52.7% due to the decrease in premiums of subsequent years ceded under treaties relating to business before 2001 originating from the network of the former Ergo Previdenza (ceded premiums of €14.0 million compared with €29.6 million in the previous year);
- Investment income, net of relevant expenses (excluding interest expense on reinsurers' deposits) stood at €220.6 million, compared with €238.9 million in 2019. It should be recalled that the volatility of the investment portfolio caused by the adoption of IAS/IFRS measurement criteria (although its effect on the income statement is limited due to the securities portfolio being mainly classified as available for sale) was not confirmed in the returns of separate social security accounts. Segregated funds, and therefore the associated products and related provisions, were valued by only taking into account realised capital gains or losses and consequently were not directly influenced by the performance of market rates but by the return realised by the underlying assets. The Company is however aware of the uncertain nature of net contingent capital gains in its investment portfolio and monitors the performance of the financial markets. It is believed that the intrinsic volatility in the measurement of assets at fair value does not currently require the Company to carry out any other market operations and hedges as further specified below.

Gross technical provisions, also considering the recognition of provisions calculated by using the shadow accounting method, increased from €10,873 million to €11,282 million. It should also be noted that, due to the merger operation in 2017, technical provisions include a negative Value in Force of €118.8 million relating to the former Eurovita Assicurazioni. This value was amortised during the year in line with the underlying portfolio maturity for segregated accounts.

Overhead expenses, including amortisation of intangible assets, amounted to €59.3 million, up compared with the €56.5 million recorded in 2019. This increase was mainly due to higher personnel costs of €3.9 million, together with a €0.2 million decrease in IT costs and a €1.6 million decrease in sales and marketing expenses. The €3.9 million increase in personnel costs includes €3.4 million in extraordinary costs relating to personnel leaving in 2021 and €1.3 million in extraordinary IAS 19 provisions, partially offset by a €0.2 million decrease in costs for temporary personnel and a decrease of €0.6 million in employee costs. A total of €0.6 million in redundancy incentives and solidarity contributions, fully covered by specific provisions for risks, were paid out during the year.

Acquisition costs and other acquisition expenses (which include purchase costs, collection costs, rappels and other sales network incentives) amounted to €24.5 million, down from the €37.1 million recorded in 2019 (-34.0%), in line with the decrease in business. Acquisition costs received from reinsurers amounted to €1.5 million (€6.9 million at 31 December 2019). Maintenance costs for the Class I and III portfolio amounted to €110.4 million (€112.6 million at 31 December 2019).

The decrease in both acquisition and maintenance costs was mainly due to a decrease in total business of €341.6 million (-17.3%) and a different mix of products marketed, with a particular emphasis on Class III products (Class I premiums decreased by €919.0 million and Class III premiums increased by €577.7 million).

Costs of €9.8 million were also incurred by way of indemnity for termination of a mandate, as provided for in the National Agents' Agreement, following the strategic decision to end the collaborative relationship with the former ERGO Previdenza agents' channel, as well as costs of €4.0 million for the implementation of major commercial agreements with leading players in the Italian banking industry.

The decrease in deferred costs amounted to €12.3 million, representing an increase of €10.8 million compared with the previous financial year (€1.5 million in 2019). This reflects the different product mix marketed and the lower premium income registered during the year.

Profit before taxes, which came in at €13.4 million, was lower than in the previous year (€46.2 million), by a total of €32.9 million, which can mainly be attributed to the Liquidity Bonus initiative, which generated higher early redemption incentive costs (€20.1 million), higher non-recurring costs incurred for the closure of the former ERGO Previdenza agency network (€9.8 million) and the implementation of new commercial agreements (€4.0 million). Taxes were calculated in accordance with local tax laws and regulations and decreased from €14.5 million to €2.2 million.

It should be noted that Agenzia Eurovita S.r.l., which is wholly owned, also recorded a positive result, calculated according to Italian GAAP, albeit slightly lower than in 2019, recording a net profit of €0.5 million. This deterioration was due to lower commissions received, resulting from the reduction in the brokered portfolio, and higher costs allocated to the company.

It should also be noted that in 2020, the principal Eurovita S.p.A. announced its intention, for strategic reasons, to exercise its right to terminate the existing agency contract with the company. On 26 November 2020, a framework agreement was signed to define the outstanding assets on that date. To the mutual satisfaction of both parties and in accordance with the provisions of the National Agents' Agreement of 2003, the Contract is understood as having been terminated by mutual consent on 30 November 2020.

The other insurance subsidiary, Pramerica Life S.p.A., recorded profit of €4.2 million in 2020 under Italian GAAP. Of this amount, €3.8 million related to the Life Classes and the remaining €0.4 million to the Non-Life Classes (profit of €1.9 million had been recorded for the previous year, comprising €1.8 million relating to the Life Classes and €0.1 million to the Non-Life Classes).

The Company recorded gross premiums written from direct business of €137,173,000 in 2020, down by 3.5% compared with €142,154,000 in 2019. New business decreased by 6.28% compared with 2019. First-year premiums decreased by 11.83%, while single premiums were down by 5.62%.

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., which it is wholly owned, reported a profit of €20,000, essentially in line with the €16,000 profit of recorded at the end of 2019.

It should be noted that on 24 June 2020, the shareholders' meeting, by deed of notary Laura Cavallotti, resolved, pursuant to Article 2484, paragraph 1 - No. 6 of the Italian Civil Code, to place the company in voluntary liquidation. The appointment of the liquidator was registered in the Milan Companies Register on the same date. The result previously mentioned therefore comprises the combined effect of pre-liquidation operations (1 January 2020 – 24 June 2020) and operations during liquidation (25 June 2020 – 31 December 2020).

4.2 Transactions with Group companies and related parties

Eurovita Holding S.p.A. is the parent company of the Insurance Group Eurovita responsible for 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 specified otherwise.

It should be noted that the following material intercompany transaction was identified in 2020:

- On 31 January 2020, the Board of Directors of the subsidiary Eurovita S.p.A. resolved to amend certain terms and conditions relating to the Tier 2 subordinated bond issued on 28 June 2019 totalling €65.0 million, resulting in the issue of additional securities totalling €50.0 million. On 21 February 2020, the entire nominal amount of the above new bond issue was subscribed (in return for a payment of €49.5 million) by the Fifth CINVEN Fund, a member of the control chain of the issuer of the aforementioned bond.

  It should also be noted that the entire bond loan was subsequently sold, for €114.5 million, by the Fifth CINVEN Fund to a third-party investor (Tenshi Investment Pte Ltd) which currently holds the entire amount.

In addition to the above transaction, the companies within the scope of Group consolidation conducted other business with each other during the financial year, as detailed below:

- Eurovita Holding S.p.A.: in 2020, services amounting to €0.8 million were re-billed to the Group companies and personnel expenses of €1.4 million were charged back.
- Agenzia Eurovita S.r.l.: during the year, the principal Eurovita S.p.A. announced its intention, for strategic reasons, to exercise its right to terminate the existing agency contract with the company. On 26 November 2020, a framework agreement was signed to define the outstanding assets on that date. To the mutual satisfaction of both parties and in accordance with the provisions of the National Agents' Agreement of 2003, the Contract is understood as having been terminated by mutual consent on 30 November 2020. Severance indemnities of €4.9 million will be paid in full during 2021.

Agenzia Eurovita accrued commissions from Eurovita S.p.A. of €0.8 million and €100,000 in services costs were recovered.
The commission rates paid by Eurovita S.p.A. were reduced from the second half of 2012 to take into account the fact that some of the collection activities were being carried out directly by the Company, while the reimbursement of portfolio recoveries that the Company charged back at the end of the financial year is governed by the National Agents' Agreement. All the contractual dealings described above took place under arm's length conditions.

- Pramerica Life S.p.A.: the Company charged back service costs to the subsidiary Pramerica Marketing S.r.l. totalling €0.6 million and service costs to Eurovita S.p.A. and Eurovita Holding S.p.A. totalling €0.1 million. At the same time, Pramerica Life S.p.A. paid Pramerica Marketing S.r.l. sales commissions of €2.8 million and incurred chargebacks of administrative expenses totalling €0.6 million from Eurovita S.p.A.

  Lastly, Pramerica Life S.p.A. incurred interest costs on the subordinated loan held by Eurovita S.p.A. of €0.8 million at 31 December 2020.

- Pramerica Marketing S.r.l.: the company collected sales commissions of €2.8 million from the subsidiary Pramerica Life S.p.A. and at the same time incurred chargebacks for service expenses of €0.6 million from the subsidiary.

It should be noted that Eurovita Holding S.p.A. and its subsidiaries held no treasury shares or shares in its parent company either directly or indirectly during the year.

With regard to other related parties not on the list, Eurovita S.p.A. undertook normal transactions for the payment of social security contributions with the *Fondo Pensione dei dipendenti e dirigenti del Gruppo Eurovita* (pension fund for employees and managers of the Eurovita Group). It should be noted that on 5 December 2019, the extraordinary general meetings of the members of the pension fund for employees and managers of the Eurovita Group and of the pension fund for employees and managers of Eurovita Assicurazioni approved the merger of the two pension funds. The merger took effect on 1 January 2020.

Moreover, the non-interest bearing subordinated loan, subscribed by the parent company of Eurovita Holding S.p.A. (Flavia Holdco Limited) in January 2017, amounted to €115.5 million at 31 December 2020.

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 term insurance products 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 term insurance and quota share treaties for PPI.

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 reflects all of the reinsurance policies of the three merged companies.

The premiums ceded in the premiums portfolio collected by the former EP agency network as a percentage of total outward reinsurance still constitute the majority, although they decreased year on year, from 77% of premiums ceded to 54% in 2020. Commercial treaties relating to with-profits policies still make up a high proportion, to which surplus share risk-premium treaties hedging the death risk of term insurance policies, quota share treaties hedging the death risk of CQS/CQP policies, as well as an LTC guarantee treaty, were added over time. The new company also inherited indirect business from the former EP, mainly from ERGO Belgium within the Munich Re Group, to which the former EP belonged, and retroceded business relating to both with-profits contracts and term insurance contracts.

The portfolio collected by the 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-profits policies or treaties hedging the death risk for term insurance and PPI policies. Provisions for ceded business as a proportion of provisions for direct business account for 4% of provisions for with-profits policies, 18% of death risk provisions (term and PPI) and 89% of LTC risk provisions.

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 the cession of 40% of commercial premiums for both the accident and health classes.

With regard to Life Business reinsurance, RGA is still the reinsurance partner in relation to quota share risk premium insurance based on a full retention of €0.6 million and a ceded portion of 30%.
With regard to Class IV, quota share risk premium treaties are in place with RGA (50% ceded) and, since 2015, also with Hannover Re (80% ceded).

Capital and financial management

The sudden spread of Covid-19 in early 2020 had a significant impact on production activity and demand for goods and services in all the global economies; the International Monetary Fund has forecast a 4.9% decline in global economic growth for the year. Increased uncertainty and risk aversion on the part of investors led to a sharp drop in share prices, with global indices (such as the MSCI World) dropping by more than 30% during the first quarter of the year, while volatility rapidly increased to levels seen during the global financial crisis of 2007-08. The central banks acted swiftly to shore up the economy: in particular, the European Central Bank created a new purchasing programme (the Pandemic Emergency Purchase Programme) created to address the new risks arising from the pandemic. This programme, which was doubled during the year to a total of €1,850 billion in December, has successfully supported the public finances of Member States. In addition, the new TLTRO operations under attractive terms have helped financial institutions to meet companies' demand for funds . Further aid to eurozone countries has also come from the European Commission, with the establishment of the SURE programme to support unemployment risks, and the creation of Next Generation EU, a new grant and loan package.

On the international markets, following the March collapse and the recovery in subsequent months, investors welcomed the end of the uncertainty over the US elections and were optimistic about the possibility of further expansionary fiscal policies that could support growth in the medium to long term. 2020 was also characterised by strong sector dispersion, with particular benefits to the tech sector in particular and with the energy sector adversely affected (in the latter case, partly due to the high volatility in oil prices in April). Finally, investors' focus on sustainability issues has intensified, and this attention appears to have increased as a result of the uncertainties that the pandemic has brought to markets. The European market remains the main driver of this change, with investors increasingly sensitive to ESG risks and to environmental risks in particular.

Italy was one of the eurozone countries most seriously affected by the pandemic from an economic perspective, due in part to the predominance of services sectors within the economy: these sectors were hit hardest by the negative effects of social distancing due to Covid-19, with the relevant PMIs indices failing during the year to come close to the levels recorded in early 2020. The easing of restrictions over the summer had only a temporary effect: the first lockdown in February-May was followed by new restrictions and more or less extended lockdowns from October to the end of the year, with major economic and social repercussions. The Italian government attempted to deal with these effects with subsidies and expansionary fiscal policy in budget deficits.

The new wave of the pandemic in the second half of 2020 and the resulting slowdowns in economic activity was followed by the development of several vaccines and the start of vaccination campaigns at the end of 2020 in the main developed countries, fuelling hopes of a recovery. According to the OECD's December forecast, the global economy will return to growth of 4.2% in 2021 and will be back at pre-pandemic levels by the end of 2021.

The investment strategy adopted by the Company 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 a precise definition of investments by analysing the fundamental data, both current and forward-looking, of individual investments (bottom-up approach).

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

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

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

To maximise and stabilise returns in the medium/long-term and to contain risks, the Company "structured" its financial management in the following way:

- investments in "traditional" asset classes (mainly government securities and investment grade bonds of financial and corporate issuers) are made through management mandates with financial managers with a high international standing (BNP Paribas AM - Goldman Sachs AM);
- investments in other liquid financial instruments (mainly securities of emerging countries and high yield bonds of European and US issuers) are made by investing in multi-asset fixed-income funds, which allow flexible diversified management (between and within the various asset classes) and global management (from the geographical perspective). Management has been entrusted to a highly specialised 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 with long and solid track records. The investment in private debt funds, in addition to the corporate sector, makes it

possible to invest in infrastructure and real estate initiatives, thereby enabling the diversification of investments and seizing the opportunities offered by the illiquidity premiums typical of these asset classes, consistent with the stability of insurance portfolios. For the selection, analysis and, in part, management of this type of investments, the Company relies on the services of StepStone Group, which is one of the world's leading operators of 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 book value of the Company's total investment portfolio was €19,421 million at 31 December 2020 (€19,298 million at 31 December 2019). Please refer to the Explanatory Notes for further details on portfolio composition.

Personnel and specific training

During 2020, the targeted recruitment of highly qualified professionals from the market was carried out in order to meet requirements in specialist areas and a number of managerial roles. Meanwhile, a number of employment contracts were issued to cover requirements of a more operational nature.

At the end of the financial year, the Group's workforce comprised 279 employees, 43 of whom belonged to the company Pramerica Life S.p.A.,

The 2020 internal training courses, limited to some extent compared with the previous year due to the Covid-19 health emergency, were technical, managerial, IT-related, sector-specific in nature and designed on the basis of the requirements identified during meetings with first line management. Some training was delivered cross-functionally to different departments, while more specific courses were provided to resources with identified training needs.

In 2019, business English courses were again set up for senior management and all positions needing to improve their English-language communication skills, which are key for day-to-day work activities.

These initiatives are part of the training plan financed by the Fondo Banche Assicurazioni (FBA), approved in September 2019, which is set to end (after an extension) in April 2021. The maximum funding amount is €200,000.

IT systems, organisation and major projects

In 2020, in line with its strategic business plan, Eurovita S.p.A. pursued its IT systems and operational processes development plan 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 taking advantage of new market opportunities.

In particular, with respect to the streamlining of management processes and the technological development of core systems, the second and final phase for the integration of portfolio systems continued and was completed in February 2021, with the migration of the former Ergo Previdenza portfolio to the "EVA" target system (savings products) and to the platform of the third-party supplier Previnet (pension products). At the same time, activities to migrate document management processes to the target solution were completed.

Home insurance was implemented with the new process for remote customer identification, with a technological solution that strengthens access security and also provides an advanced electronic signature system, also allowing command functions to be enabled.

Work was also completed for implementation of the IT platform to support help-desk processes for the distribution and internal ticketing networks. This platform was also developed to support the processes for managing access to company applications and requests for changes to information systems.

Following operational integration, the formalisation of internal processes and procedures was also completed on the company regulations platform, which can be accessed by all employees via the Intranet.

With regard to the commercial strategy, IT activities related to the project to streamline the distribution channels (and the agency channel in particular) were completed, and development of the platform to support sales and after-sales processes started for the new strategic distributor, Deutsche Bank, to be completed in 2021.

In the regulatory area compliance with IVASS Regulation No. 41/2018, scheduled to take place in 2020, was completed, and anti-money laundering and Solvency II safeguards were further strengthened. Furthermore, the project to adapt to the new regulatory rules on control and governance safeguards for products and distribution networks was launched, and the corporate information systems to fulfil the requirements of IFRS 9 and IFRS 17 got underway.

With regard to infrastructure, the transfer of workstations to remote working, rapidly activated in response to the Covid-19 crisis to enable all employees to continue operating, including remotely, is particularly worthy of mention. In this context, IT security was further strengthened, with an overall review of the SOC (Security Operation Centre) department, including an update of the technology and the introduction of new, more effective features for detecting and responding to cyber threats. A project to transform the architecture of the Data Centre at IBM was also completed. This involved the disposal of one of the two sites in Milan and the introduction of the new Disaster Recovery Data Centre in Rome, with data replication and back-ups in real time.

Finally, as regards the information systems of the subsidiary Pramerica Life S.p.A., acquired in late 2019, the migration of the data centre and corporate applications to the Group's target systems was completed. IT work leading up to the merger of Pramerica Life S.p.A. into Eurovita S.p.A. also commenced and will be completed in the first half of 2021.

Research & Development and new products

Research & Development

The research and development plan for new products in 2020, exclusively focused on Eurovita S.p.A. as the other company, Pramerica Life S.p.A., has effectively been incorporated into the product catalogue of Eurovita S.p.A., was first implemented in May with the launch of a new individual savings plan product, “Eurovita PIR Multimanager”: this is a new Unit-linked product created exclusively for Widiba, but also made available to the Company's general catalogue. It is designed to enable customers to make the most of investment opportunities related to the world of small and medium-sized enterprises, as established by the new 2020 Finance Law, which redefined the rules for the creation of funds underlying individual savings plan products.

Subsequently, in July, the Company entered into a new distribution agreement with Deutsche Bank S.p.A. in order to create and distribute a dedicated package of Multi-class and Unit-linked products, which will be marketed from the second quarter of 2021.

The new product offering was then enriched, at the end of October, with the launch of the new "Eurovita Select" Multi-class policy, a product dedicated to private clients and exclusively created for the private banking division of Cordusio SIM. The product offers the option of simultaneous investment in Eurovita Nuovo Secolo segregated funds, thus benefiting from the cover provided by segregated funds, and in three new internal funds specifically created for the product (Eurovita Private Select Funds), with advisory services provided by Cordusio.

In December, the Company completed the definition of the private Multi-class product concept (Eurovita Saving Private and Eurovita Saving Private Plus), which was expressly requested by the Cassa di Risparmio di Bolzano with the aim of qualitatively expanding the dedicated catalogue in the first quarter of 2021.

Due to the closure of the Agency Network, no more products will be dedicated to this channel.

Finally, in 2020, the Company completed its usual review and updating of contractual material relating to placement products, as provided for by the insurance legislation in force, with particular reference to:

- the adjustment of the UCI fund range and the services offered, for Class III products;
- the update on 31 December 2019 of asset data relating to Eurovita S.p.A. set out in the Pre-contractual Information Documents for Insurance Products (DIP Vita and DIP Aggiuntivi IBIP), for Class I, Class III and Multi-class products;
- the review of the contractual material for insurance-type individual pension plans, pursuant to COVIP regulations (in this case it should be noted that the project related to products still in the portfolio but no longer being distributed).

4.4. Exposure to risk

Please refer to the relevant section in the Explanatory Notes.

4.5 Business Outlook

The continuing uncertainty surrounding the Coronavirus outbreak is having a significant impact on financial markets and the real economy, both globally and in Italy. This will presumably affect the Group companies both in terms of premium income, outflows and financial income and in terms of results.

For its part, the Group, which rapidly implemented the necessary measures to tackle this contingency (primarily through smart working and remote working) will continue to develop and work to streamline its internal processes with a view to reducing costs and creating a solid, independent leader in the Italian Life products market.

This goal is also being pursued in practical terms through the extraordinary merger by incorporation of the subsidiary Pramerica Life S.p.A., authorised by IVASS order dated 16 December 2020, which will take place on 31 March 2021 with retroactive accounting and tax effect as of 1 January 2021.

4.6 Significant events after year-end

These financial statements were prepared on a going concern basis because, in the Directors' opinion, the uncertainties related to the continuation of the Covid-19 health emergency are currently not such as to raise doubts regarding this assumption, whether considered individually or as a whole.

At the Group level, all this may affect decisions relating to financial investments and the operations of financial management, taken to maintain an adequate risk/return profile for the portfolio and with the fundamental aim of managing trends in the Solvency Ratio in compliance with the Company and Group Capital Policy.

In addition to the health crisis, there was a governmental crisis in the second half of January that began with the formal resignation of two Italia Viva ministers from the executive, triggering a situation of tension and cross-vetoes that caused the Prime Minister, Giuseppe Conte, to surrender his mandate to the President of the Republic on 26 January 2021.

When the consultation process and exploratory mandates had ended, the President granted Mario Draghi a mandate to form a new executive which, on completion of the legal formalities, officially took office on 13 February 2021, putting an end to weeks of deadlock and uncertainty in the corridors of power.

It should be noted, however, that neither the pandemic crisis nor the short-lived political crisis had a significant impact on the Company's operations and that at the time of writing this document it does not expect to make any adjustments.

No other event occurring after 31.12.2020 has been such as to render the current financial position substantially different from that of the statement of financial position at that date or to require adjustments or additional notes to the financial statements.

Milan, 26 March 2021

FOR THE BOARD OF DIRECTORS

Chief Executive Officer

Erik STATTIN

EUROVITA HOLDING

FINANCIAL STATEMENTS

BALANCE SHEET - ASSETS

(amounts in Euros)

	31/12/2020	31/12/2019
INTANGIBLE ASSETS	**204.765.984**	**261.917.744**
Goodwill	**22.050.297**	22.050.297
Other intangible assets	**182.715.687**	239.867.446
TANGIBLE ASSETS	**19.451.698**	**24.535.599**
Land and buildings (self used)	**18.635.722**	23.324.033
Other tangible assets	**815.976**	1.211.566
AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS	**358.480.302**	**771.275.333**
INVESTMENTS	**19.420.849.677**	**19.297.830.130**
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	**616.545.725**	744.373.318
Available for sale financial assets	**12.000.568.609**	11.679.407.541
Financial assets at fair value through profit or loss	**6.803.735.343**	6.874.049.270
RECEIVABLES	**85.509.950**	**112.500.652**
Receivables arising out of direct insurance operations	**30.535.491**	46.867.552
Receivables arising out of reinsurance operations	**3.664.235**	3.576.045
Other receivables	**51.310.225**	62.057.056
OTHER ASSETS	**454.599.126**	**481.341.686**
Non-current assets or disposal groups classified as held for sale	**0**	0
Deferred acquisition costs	**49.827.369**	53.897.117
Deferred tax assets	**0**	0
Tax receivables	**297.347.414**	325.100.148
Other assets	**107.424.343**	102.344.421
CASH AND CASH EQUIVALENTS	**28.375.215**	**63.204.438**
TOTAL ASSETS	**20.572.031.952**	**21.012.605.582**

BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY

(amounts in Euros)

	31/12/2020	31/12/2019
SHAREHOLDERS' EQUITY	**522.587.066**	**612.216.331**
Group capital	**521.776.694**	611.275.212
Share capital	**1.000.000**	1.000.000
Other equity instruments	**0**	0
Capital reserves	**198.300.141**	198.300.141
Revenue reserves and other reserves	**321.286.905**	233.842.876
(Own shares)	**0**	0
Reserve for currency translation differences	**0**	0
Reserve for unrealized gains and losses on available for sales financial assets	**29.432.437**	100.541.675
Reserve for other unrealized gains and losses through equity	**-503.478**	-9.853.509
Result of the period	**-27.739.311**	87.444.029
Third parties capital	**810.373**	**941.120**
Third parties capital and reserves	**727.757**	669.284
Reserve for other unrealized gains and losses through equity	**61.961**	213.363
Result of the period	**20.655**	58.473
OTHER PROVISIONS	**18.848.802**	**16.343.703**
INSURANCE PROVISIONS	**12.923.362.583**	**12.321.753.760**
FINANCIAL LIABILITIES	**6.644.128.923**	**7.544.073.519**
Financial liabilities at fair value through profit or loss	**6.270.248.292**	6.808.155.866
Other financial liabilities	**373.880.631**	735.917.653
PAYABLES	**275.248.051**	**278.290.539**
Payables arising out of direct insurance operations	**29.408.323**	32.785.856
Payables arising out of reinsurance operations	**70.059.427**	76.741.329
Other payables	**175.780.301**	168.763.354
OTHER LIABILITIES	**187.856.526**	**239.927.730**
Liabilities directly associated with non-current assets and disposal groups classified as held for sale	**0**	0
Deferred tax liabilities	**82.234.677**	119.529.212
Tax payables	**48.509.565**	67.190.552
Other liabilities	**57.112.284**	53.207.967
TOTAL EQUITY AND LIABILITIES	**20.572.031.952**	**21.012.605.582**

INCOME STATEMENT

(amounts in Euros)

	31/12/2020	31/12/19
Net earned premiums	**1.315.374.352**	**1.974.144.946**
Gross earned premiums	**1.330.167.125**	2.003.718.893
Earned premiums ceded	**-14.792.773**	-29.573.947
Fee and commission income and income from financial service activities	**125.430.155**	99.842.690
Net income from financial instruments at fair value through profit or loss	**9.854.401**	14.117.727
Income from subsidiaries, associated companies and joint ventures	**0**	0
Income from other financial instruments and land and buildings (investment properties)	**258.510.487**	200.651.159
Interest income	**170.166.206**	122.115.393
Other income	**25.338.385**	38.603.411
Realized gains	**63.005.896**	39.932.356
Unrealized gains and reversal of impairment losses	**0**	0
Other income	**34.046.909**	**148.108.301**
TOTAL INCOME	**1.743.216.303**	**2.436.864.824**
Net insurance benefits and claims	**1.381.966.806**	2.020.199.168
Claims paid and change in insurance provisions	**1.403.982.348**	2.065.394.395
Reinsurers' share	**-22.015.542**	**-45.195.227**
Fee and commission expenses and expenses from financial service activities	**90.288.817**	99.989.652
Expenses from subsidiaries, associated companies and joint ventures	**0**	0
Expenses from other financial instruments and land and buildings (investment properties)	**66.711.245**	54.002.195
Interest expenses	**21.842.576**	**34.429.012**
Other expenses	**0**	0
Realized losses	**38.322.854**	13.497.983
Unrealized losses and impairment losses	**6.545.816**	6.075.200
Acquisition and administration costs	**113.475.209**	74.386.656
Commissions and other acquisition costs	**56.739.326**	36.990.471
Investment management expenses	**13.131.044**	11.960.094
Other administration costs	**43.604.839**	25.436.091
Other expenses	**135.337.641**	98.717.371
TOTAL EXPENSES	**1.787.779.718**	**2.347.295.041**
EARNINGS BEFORE TAXES	**-44.563.415**	**89.569.782**
Income taxes	**-16.844.759**	**2.067.280**
EARNINGS AFTER TAXES	**-27.718.656**	**87.502.502**
RESULT OF DISCONTINUED OPERATIONS	**0**	**0**
CONSOLIDATED RESULT OF THE PERIOD	**-27.718.656**	**87.502.502**
Attributable to the Group	**-27.739.311**	**87.444.029**
Attributable to Minority Interests	**20.655**	**58.473**

STATEMENT OF COMPREHENSIVE INCOME

(amounts in Euros)

	31/12/2020	31/12/19
CONSOLIDATED RESULT OF THE PERIOD	**-27.718.656**	**87.502.502**
Items that may not be reclassified to profit and loss in future periods	**-68.536**	**-58.251**
Share of other comprehensive income of associates	**0**	0
Reserve for revaluation model on intangible assets	**0**	0
Reserve for revaluation model on tangible assets	**0**	0
Result of discontinued operations	**0**	0
Actuarial gains or losses arising from defined benefit plans	**-68.536**	-58.251
Other	**0**	0
Items that may be reclassified to profit and loss in future periods	**-61.842.073**	**139.929.592**
Foreign currency translation differences	**0**	0
Net unrealized gains and losses on investments available for sale	**-71.277.719**	153.109.805
Net unrealized gains and losses on cash flows hedging derivatives	**9.435.646**	-13.180.213
Net unrealized gains and losses on hedge of a net investment in foreign operations	**0**	0
Share of other comprehensive income of associates	**0**	0
Result of discontinued operations	**0**	0
Other	**0**	0
OTHER COMPREHENSIVE INCOME	**-61.910.609**	**139.871.341**
TOTAL COMPREHENSIVE INCOME	**-89.629.265**	**227.373.843**
attributable to the Group	**-89.464.079**	**226.954.793**
attributable to minority interests	**-165.187**	**419.050**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(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**

(amounts in Euros)

		Amount as at 31.12.2019	Change in amounts	Allocation	Transfer to profit or loss account	Other transfer	Change in scope consolidation	Amount as at 31.12.2020
Shareholders' Equity attributable to the Group	Share capital	1.000.000						1.000.000
	Other equity instruments	0						0
	Capital reserves	**198.300.141**						198.300.141
	Revenue reserves and other reserves	**233.842.876**		87.444.029				321.286.905
	(Own shares)	**0**						0
	Result of the period	**87.444.029**		-115.183.340				-27.739.311
	Other comprehensive income	**90.688.166**		-49.619.069	-12.140.138			28.928.959
	Total shareholders' equity attributable to the group	**611.275.212**	**0**	**-77.358.380**	**-12.140.138**	**0**	**0**	**521.776.694**
Shareholders' Equity attributable to minority interests	Share capital and reserves	**669.284**		58.473				727.757
	Result of the period	**58.473**		-37.818				20.655
	Other comprehensive income	**213.363**		-128.987	-22.416			61.961
	Total shareholders' equity attributable to minority interests	**941.120**	**0**	**-108.332**	**-22.416**	**0**	**0**	**810.373**
Total		**612.216.331**	**0**	**-77.466.712**	**-12.162.554**	**0**	**0**	**522.587.066**

CASH FLOW STATEMENT (indirect method)

(amounts in Euros)

	DIC 2020	DIC 2019
Earnings before taxes	**-44.563.415**	**89.569.782**
Changes in non-cash items	**1.101.844.584**	**1.528.276.143**
Change in the provisions for unearned premiums and for unexpired risks for non-life segment	-164.141	-
Change in the provisions for outstanding claims and other insurance provisions for non-life segment	68.862	-
Change in the mathematical provisions and other insurance provisions for life segment	1.014.499.132	1.531.737.400
Change in deferred acquisition costs	4.069.747	-6.021.326
Change in other provisions	2.505.099	-2.896.918
Other non-cash expenses and revenues arising out of financial instruments, investment properties and investments in subsidiaries, associated companies and joint ventures	82.041.489	113.853.922
Other changes	-1.175.605	-108.396.934
Change in receivables and payables from operating activities	-4.274.572	90.522.045
Change in receivables and payables arising out of direct insurance and reinsurance operations	6.184.436	29.183.652
Change in other receivables and payables	**-10.459.009**	**61.338.393**
Income taxes paid	16.824.104	-2.125.753
Net cash flows from cash items related to investing or financing activities	-537.907.574	199.847.657
Financial liabilities related to investment contracts	**-537.907.574**	**199.847.657**
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	**531.923.127**	**1.906.089.874**
Net cash flows from investment properties	-	-
Net cash flows from investment in subsidiaries, associated companies and joint ventures	-0	20.004.781
Net cash flows from loans and receivables	120.194.249	-279.012.981
Net cash flows from held to maturity investments	-	-
Net cash flows from available for sale financial assets	-457.328.418	-1.016.970.961
Net cash flows from tangible and intangible assets	62.235.661	-44.376.640
Net cash flows from other investing activities	70.313.927	-188.233.722
NET CASH FLOWS FROM INVESTING ACTIVITIES	**-204.584.581**	**-1.508.589.523**
Net cash flows from shareholders' equity attributable to the Group	-	30.300.000
Net cash flows from own shares	-	-
Dividends payment	-	-
Net cash flows from shareholders' equity attibutable to minority interests	-130.747	-979.702
Net cash flows from subordinated liabilities and other similar liabilities	50.000.000	65.000.000
Net cash flows from other financial liabilities	-412.037.022	-506.513.080
CASH FLOW FROM FINANCING ACTIVITIES	**-362.167.769**	**-412.192.783**
Effect of exchange rate changes on cash and cash equivalents	**-**	**-**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	63.204.438	77.896.871
CHANGE IN CASH AND CASH EQUIVALENTS	-34.829.223	-14.692.432
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**28.375.215**	**63.204.438**

EUROVITA HOLDING

EXPLANATORY NOTES

Notes to the financial statements

Basis of preparation

The consolidated financial statements as at 31 December 2020 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 IFRS 9, issued by the IASB in July 2014 and approved by the European Commission under Regulation No. 2067/2016, 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 effective as of 1 January 2023. The initial entry into force on 1 January 2021 was in fact postponed by the IASB until 1 January 2023.

In September 2016, the IASB published an amendment to IFRS 4, which provides for two options for insurance groups: Temporary Exemption and the 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;
- The Overlay Approach makes it possible to remove from the income statement, by suspending it in OCI, any volatility that might arise before the implementation of IFRS 17 from certain financial instruments that, following the adoption of IFRS 9, no longer meet the requirements for valuation at cost or FVOCI.

The two provisions were introduced in order to avoid volatility in results due to misalignment between the date of entry into force of the new IFRS 17 applicable to insurance liabilities, replacing the current IFRS 4, and the new IFRS 9.

The Company opted to adopt the Temporary Exemption, to provide for its joint implementation for the insurance segment together with IFRS 17.

The Group has ascertained that it meets the requirements for application of the Temporary Exemption. The calculation should take the closing figures of financial year 2015 as a reference, but given the extraordinary transactions prior to the establishment of Eurovita S.p.A. during 2016 and 2017, the Group deemed it appropriate to reassess this accounting treatment at 31 December 2017. In particular, the book value of liabilities linked to insurance activities as a proportion of the book value of the entity’s total liabilities (predominance ratio) was higher than 90% at this date.

As established in the regulations, quantitative information required for entities that will postpone application of the standard to 1 January 2023, is provided below.

Loans and receivables	Fair value 31/12/2020	Fair Value change	Other changes	Fair value 31/12/2019
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	567.114.680	53.484.613	-72.599.918	586.229.985
Other financial assets	11.012.791	-	-18.235.214	29.248.005
	578.127.471	**53.484.613**	**-90.835.132**	**615.477.990**
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	14.969.100
Other financial assets	-	-	-	-
	-	**-**	**-14.969.100**	**14.969.100**

Available for sale financial assets	Fair value 31/12/2020	Fair Value change	Other changes	Fair value 31/12/2019
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	10.466.985.937	772.222.360	-509.960.940	10.204.724.517
	10.466.985.937	**772.222.360**	**-509.960.940**	**10.204.724.517**
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	151.330.506	3.746.068	12.331.857	135.252.580
Fund shares	1.360.884.097	-12.783.155	55.237.974	1.318.429.277
Derivatives	-51.926.354	-25.854.960	9.431.657	-35.503.051
	1.460.288.248	**-34.892.047**	**77.001.488**	**1.418.178.807**
Other financial assets which provide no test				
Stock shares	21.368.069	776.620	-409.718	21.001.167
	21.368.069	**776.620**	**-409.718**	**21.001.167**

Financial assets at fair value through profit or loss	Fair value 31/12/2020	Fair Value change	Other changes	Fair value 31/12/2019
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	5.011.477	-40.216	1	5.051.692
Derivatives	-	-	-	-
	5.011.477	**-40.216**	**1**	**5.051.692**
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	2.935.353	87.300	-2.008.391	4.856.444
Fund shares	-	-	-	-
Derivatives	8.073.200	2.580.650	-66.500	5.559.050
	11.008.553	**2.667.950**	**-2.074.891**	**10.415.494**

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 31/12/2020	Market Value 31/12/2020	Book Value 31/12/2019
of which:			
Investment grade			
Bonds	10.202.993.811	10.300.931.806	10.124.140.542
Other financial assets	11.012.791	11.012.791	29.029.991
Non Investment grade			
Bonds	686.870.274	738.180.288	569.163.273

These consolidated financial statements were prepared in compliance with ISVAP Regulation No. 7/2007.

The consolidated financial statements comprise:

- The consolidated statement of financial position (prepared in accordance with the schedules set out in ISVAP Regulation No. 7/2007);
- The consolidated income statement (prepared in accordance with the schedules set out in ISVAP Regulation No. 7/2007);
- The consolidated statement of comprehensive income (prepared in accordance with the schedules set out in ISVAP Regulation No. 7/2007);
- The statement of changes in shareholders' equity (prepared in accordance with the schedules set

out in ISVAP Regulation No. 7/2007);

- The statement of cash flows (prepared in accordance with the schedules set out in ISVAP Regulation No. 7/2007);
- The notes to the consolidated financial statements (including the schedules required by ISVAP Regulation No. 7/2007).

These statements are accompanied by the Directors' Report on Operations, prepared in accordance 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 2020, which is the closing date of the financial statements of the parent company Eurovita Holding S.p.A.

All the companies within the scope of consolidation close their financial statements at 31 December.

The consolidated financial statements were prepared in euro, which is also the functional currency of all the consolidated companies; the amounts in the notes to the financial statements are rounded to the nearest thousand, unless otherwise specified.

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

The measurement criteria were adopted on a going concern basis, using the accrual method, and the principles of relevance and materiality 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 following paragraph relating to subsequent events.

Scope of consolidation, reconciliation tables and notes to the financial statements

The consolidated financial statements include the data of the parent company and of all the companies which it directly or indirectly controls.

Consolidation methods

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

Consolidation on a line-by-line basis

A controlling relationship is presumed to exist when the parent company, directly or indirectly, holds more than half of the votes that can be cast at the shareholders’ 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 are acquired on a line-by-line basis;

b) the book value of 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 is considered to have been transferred when the investor is exposed to variable returns, or holds rights to 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 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 transferred, 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 over a period exceeding the short term. Adjustments subject to future events are included in the consideration for the business combination at the acquisition date if required under the agreements and only if they are probable, reliably determinable, and realised within 12 months following the date of acquisition of control, while indemnities for impairment of the assets utilised are not considered, since they are already taken into account, either in the fair value of the equity instruments or as a premium reduction, or an increase in the discount on initial issue in the case of an 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 preparing the disclosures required by law. 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", whereby the identifiable assets acquired (including any intangible assets previously not recognised 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.

Accounting for the business combination can be done provisionally by the end of the financial year in which the combination is carried out and must be completed within twelve months of the acquisition date, as the Company wishes.

With regard to the recognition of the acquisition, under IFRS 3 Business Combinations, the acquirer must, separately from goodwill, recognise 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 relating to facts and current circumstances at the acquisition date.

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

In June 2016 Cinven, following the approval of IVASS, 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 authorisation of IVASS issued through Order No. 0228541/16 of 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 completed.

On 11 August 2017, with the prior authorisation of IVASS issued through Order 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 completed.

On 31 December 2017, following authorisation by IVASS, the merger by incorporation of Old Mutual Wealth Italy S.p.A. and Eurovita Assicurazioni S.p.A. into ERGO Previdenza S.p.A. became effective. The latter company simultaneously changed its name to Eurovita S.p.A.

On 18 December 2019, following authorisation by IVASS, the acquisition of the entire share capital of Pramerica Life S.p.A., which wholly owns Pramerica Marketing S.r.l., was completed.

It should be noted that the subsidiary Eurovita S.p.A. was authorised by IVASS Resolution No. 112/2020 to merge Pramerica Life S.p.A. by incorporation into Eurovita S.p.A. on 16 December 2020.

The merger will take place on 31 March 2021 with retroactive accounting and tax effect as of 1 January 2021.

Lastly, it should be noted that on 24 June 2020, the shareholders' meeting of Pramerica Marketing S.r.l., by deed of notary Laura Cavallotti, resident in Milan and registered with the Milan Board of Notaries, resolved, pursuant to Article 2484, paragraph 1 - No. 6 of the Italian Civil Code, to place the company in voluntary liquidation. The appointment of the liquidator was registered in the Milan Companies Register on the same date.

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	Milano	Assicurazioni Vita
Pramerica Life S.p.A.	100,00%	12,50	Milano	Assicurazioni Vita
Pramerica Marketing S.r.l.	100,00%	0,01	Milano	Agenzia Assicurativa
Agenzia Eurovita S.r.l.	100,00%	0,26	Milano	Agenzia Assicurativa

In preparing the consolidated financial statements:

- the accounting statements of the companies included in the scope of consolidation as at 31 December 2020, prepared in accordance with the IFRS standards adopted by the European Union, were used;
- all balances and material transactions between Group companies were eliminated, as well as any unrealised gains and losses on intercompany transactions;

Accounting principles and valuation criteria

The Board of Directors has a reasonable expectation that Group companies will continue to have the ability to maintain a functioning economic group that will generate income for a foreseeable future period of at least 12 months and has prepared the consolidated financial statements on a going concern basis. It is believed that the current market situation will not lead to significant uncertainties regarding events or conditions that may generate doubts about the Company's business continuity. However, please also see the following paragraph on subsequent events.

The consolidated financial statements as at 31 December 2020 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).

For improved reporting, the main changes to the pre-existing accounting standards, which were applied from 1 January 2020, are set out below, and had no significant accounting impact.

Amendments to IFRS 3 - Definition of a business

Regulation (EU) 2020/551 of 21 April 2020 amended IFRS 3 Business Combinations, to provide support to entities in determining whether a transaction is an acquisition of a business or a group of assets that does not meet the definition of a business pursuant to IFRS 3.

Amendments to IAS 1 and IAS 8 - Definition of "material"

Regulation (EU) No 2019/2104 of 29 November 2019, amending IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, better specified the definition of "material" in the context of the general criteria for assessing the information to be provided in the financial statements. In particular, information is classified as material if it is reasonable to assume that omitting, misstating or obscuring it could influence the decisions of the primary users of the financial statements.

IBOR interest rate benchmark reform – Amendments to IAS 39, IFRS 9 and IFRS 7 – Financial Instruments

Regulation (EU) No 2020/34 of 15 January 2020 transposed some amendments to IFRS 9, IAS 39 and IFRS 7 in order to overcome the uncertainty arising from the reform of IBOR (interbank offered rates), allowing some simplifications to the requirements of these standards in the phase preceding the change of the benchmarks. The changes introduced mainly relate to the accounting practice of hedge accounting and the relevant disclosures, as well as the pricing of financial assets and liabilities related to these benchmarks.

Amendments to the Conceptual Framework for Financial Reporting

Regulation (EU) 2019/2075 of 29 November 2019 transposed, in the context of various references in a number of IAS/IFRS accounting standards, the amendments introduced by the IASB to the IFRS revised Conceptual Framework. The main changes introduced by this new conceptual framework compared with the version previously in force relate to: - new concepts for valuations, presentation, transparency and derecognition from the financial statements of values previously recognised; - updates of the definition of assets and liabilities as well as the concept of recognition of financial assets and liabilities; - greater clarity for the concepts of prudence, uncertainty in valuations, substance over form and directors' liability.

Statement of financial position

Intangible assets

Goodwill

Intangible assets include goodwill (also provisionally calculated on the basis of the provisions of IFRS 3) paid as part of corporate acquisitions/integrations. Since such goodwill has an indefinite useful life, it is not amortised, but is valued at least once a year, or in any case whenever there is evidence of potential impairment, by means of an impairment test; if the loss in value is confirmed as permanent, it is recognised 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 recognised if it is identifiable and in the control of the company, if future economic benefits can be 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 amortisation and accumulated impairment losses. Amortisation 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. The VIF is amortised on the basis of the actual life of the contracts acquired. This valuation is reviewed every year.

Tangible assets

Other tangible assets

In compliance with IAS 16, these should be recognised 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 economic evaluation as to the remaining useful life 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-of-use assets held by the Group companies pursuant to the new accounting standard, IFRS 16 "Leases". This new standard, which replaces IAS 17 "Leases", has introduced new requirements for the recognition, presentation and disclosure of leases in the financial statements.

Technical provisions borne by reinsurers

This macro-item includes the commitments of reinsurers deriving from reinsurance contracts governed by IFRS 4. These were calculated and recognised in accordance with the contractual conditions set out in the reinsurance treaties, unless otherwise valued according to the recoverability of the receivable.

Investments

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

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

The choice between the above methods is not optional as they must be applied in hierarchical order. Please refer to the annexes to the notes to the financial statements for details of 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 recoveries from agents, unlisted debt securities not available for sale that the Company intends to hold for the foreseeable future, and 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 fees). Subsequent valuations are carried out at amortised cost, using the effective interest method, including any write-downs.

Loans and receivables of an insurance nature should be recognised and measured according to the criteria established by the Italian accounting standards, in accordance with the provisions of IFRS 4, i.e. they are recognised at their nominal value and subsequently measured at their estimated realisable value.

Available-for-sale financial assets

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

UCI units should be allocated to their respective asset classes on the basis of the prevailing underlying assets. Therefore, fixed-income instruments are 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.

Upon initial recognition, the financial instrument is measured at cost (including directly attributable transaction costs), as an expression of the fair value at that date in accordance with IAS 39; financial assets are recognised in the statement of financial position when the company becomes a party to the instrument’s contractual clauses. In the event of initial recognition based on a reclassification of the instrument from a different class, the fair value at the time of transfer is used.

Subsequent valuations are made at fair value, represented by the market price at that date or, in the event that the asset is not quoted on an active market, calculated by using valuation techniques generally recognised by the financial markets.

For the purpose of determining the market price, a market is considered active when it is able to quote a price at which a transaction may take place. The existence of official prices on a regulated market is an optimal, but not absolute, condition for the definition of fair value; however, in the event that the regulated market prices s are quoted in the absence of sufficient liquidity, markets able to trade efficiently are preferred, even if they are not regulated, thereby favouring the principle of substance over form.

The income statement includes charges and income capitalised on the basis of the amortised cost according to the real rate of return method. Unrealised gains and losses are instead recognised in a specific shareholders’ equity reserve (net of taxation).

In the event of sale or impairment following an impairment test, any unrealised gains or losses accumulated up to that time in shareholders’ equity are transferred to the income statement.

An available-for-sale financial asset is cancelled in the statement of financial position if, following its natural expiry, disposal or other event, the contractual rights to the cash flows, as well as the risks and benefits connected with it, expire or are transferred. Simultaneously with the cancellation of the asset, the amount of the gains and losses accumulated in the equity reserve is recognised in the income statement.

Assets are recognised at the settlement date.

Impairment policy for financial assets

In light of the merger in 2017, in order to make the impairment policy more consistent with the new investment portfolio and market practices, Company 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), recognising 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.

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 analysed the following scenarios for equity securities:

a) the market price was 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 AIFs in a start-up phase (where the initial loss in value is natural), will be analysed in detail in order to ascertain the actual and objective loss in value.

For the aforementioned securities, if evidence of impairment is confirmed, the overall change in fair value is recognised in the income statement with a write-off of the assets available for sale reserve.

With regard to fixed-return financial instruments, in order to ascertain whether there is any 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 amortised cost of the investment or decreases in the fair value below 70% of the nominal value constitute further evidence and grounds for valuation. It should be noted 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 still represents a capital loss at the measurement date.

If an equity security has suffered impairment, any subsequent write-backs will be recorded in the specific shareholders' equity reserve, although the reversal of impairment is prohibited. The write-back of value adjustments up to the corresponding amortised cost value is permitted for debt securities, provided that the reasons for the impairment have ceased to be effective on the basis of objective evidence. These write-backs are recorded in the income statement.

Financial assets measured at fair value through profit or loss

This category includes assets held for short-term trading (in line with the IAS 39 definitions, supplemented by European Commission Regulation No 1864 of 15 November 2005) and assets designated for measurement at fair value through profit or loss. The following assets are assigned to this 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 separate accounting of the two components and for which the Company has decided not to make a separation;

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

Assets designated for measurement at fair value through profit or loss also include assets covering the Company's commitments for insurance and/or investment contracts, with investment risk borne by policyholders, as well as derivative financial instruments.

In accordance with IAS 39, financial assets should be recognised in the statement of financial position when the Company becomes a party to the contractual clauses of the instrument.

Initial recognition was at cost, this being the equivalent of fair value at that date. Subsequent valuations are performed at fair value, that is, at the market price at that date or, if the event that the asset is not quoted on an active market, calculated by using valuation techniques generally recognised by the financial markets.

For the purpose of the calculation, a market is considered active when it can quote a price at which a transaction could occur. The existence of official prices on a regulated market is an optimal, but not absolute, condition for the definition of fair value; however, in the event that the regulated market prices s are quoted in the absence of sufficient liquidity, markets able to trade efficiently are preferred, even if they are not regulated, thereby favouring the principle of substance over form.

Unrealised gains and losses are recognised in the income statement, except for fair value hedge derivatives, for which fluctuations in the fair value of the actual hedging component are recognised in a specific equity reserve (net of tax).

Assets are recognised at the settlement date.

Sundry receivables

Receivables deriving from direct insurance and reinsurance transactions

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

They are recognised at nominal value and subsequently measured at their estimated realisable 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 recognised at nominal value and subsequently measured at their estimated realisable value. Since these are short-term receivables, discounting methods are not used.

Other asset items

Deferred acquisition costs

Starting from the end of financial year 2003, the Company has amortised up-front costs relating to policies with annual premiums and regular payment of the premium, within the limits of the premium charges included in the portion of the expensable premium, with the exception of:

- costs relating to individual forms of insurance, including cover associated with them - term insurance in the event of death and disability, and optional term insurance in the event of death;
- costs relating to unit-linked policies;
- costs relating to supplementary guarantees.

Rappels are excluded from deferred acquisition costs.

The above charges, to be calculated on each individual policy, can be amortised for a maximum period of 10 years, and are in any case amortised within the limits 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 cost through profit or loss. In the event of partial redemption, costs are expensed *pro-rata* (in proportion to the provisions released).

Current tax assets and deferred tax assets

Income taxes are calculated in accordance with applicable tax legislation, Presidential Decree No. 917/1986 as amended by Legislative Decree No. 38/2005, also taking into account the amendments introduced by Law No. 244/2007 (2008 Finance Law), the amendments set out in Law No. 208 of 28 December 2015 (2016 Stability Law), the prevailing interpretations produced by legal theory and the official instructions of the tax authorities.

IRAP is calculated on the basis of 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 the 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 are translated into taxable amounts when calculating the taxable income of future financial years when the book value of the asset or liability is realised or derecognised;
- deductible, i.e. they are translated into amounts that are deductible when calculating the taxable income of future financial years when the book value of the asset or liability is realised or derecognised.

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

- deductible temporary differences;

- carry-forward of unused tax losses.

Deferred tax assets are recognised 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 to generate positive taxable income on an ongoing basis as a result of opting for the "tax consolidation" scheme.

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

All deferred tax liabilities are recognised in the financial statements.

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

Starting in financial year 2008, the new formulation of 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 that intend to settle such items on a net basis, or to realise the assets and settle the liabilities simultaneously, in each subsequent financial year.

Other assets

The item mainly includes deferred acquisition costs (DAC) relating to 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" granted to the customer.

For single-premium contracts, amortisation is carried out over a period of 10 years. For annual premium contracts, the duration of amortisation 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 to profit or loss.

Cash and cash equivalents

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

Shareholders' equity

Capital reserves

This item comprises the share premium reserve.

Retained earnings reserves and other equity reserves

This item, as required by IFRS 1, includes the reserve comprising any gains and losses arising from initial adoption of the IFRS standards. Other retained earnings 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 available-for-sale financial assets

The item includes any gains or losses arising from the measurement of available-for-sale financial assets (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 recognised directly in equity

This item includes any gains or losses arising from direct recognition in Shareholders' Equity, including gains or losses on instruments hedging 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 recognised 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 fulfil this 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 relevant paragraph, have been classified as insurance contracts, with or without discretionary participation features (DPF), or as investment contracts with DPF.

In life insurance, these include:

- mathematical provisions for pure, supplementary, and additional premiums, premium reserves and technical provisions of supplementary insurance and expense reserves;
- provisions for sums to be paid, set aside for any outflows 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 relates to:

- Premium provisions (on a pro-rata basis and for pending risks);

- Claims provisions (including the estimate of claims for the period).

Within technical provisions relating to investment contracts with DPF, a special equity reserve is created to limit volatility due to the presence of unrealised 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 value of expected future cash flows generated by the portfolio existing 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 existing contracts. The VIF is amortised on the basis of the actual life of the contracts acquired. This valuation is reviewed every year.

Shadow accounting provisions

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

The shadow accounting provision is determined as a financial adjustment to mathematical 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 (unrealised) valuation gains and losses had been realised on a "going concern" basis. It follows that shadow accounting is applicable to contracts for which the realisation of net gains and losses on valuation has an effect on mathematical provisions. Generally, for Italian products, this occurs for with-profits pricing, linked to segregated funds.

The shadow accounting going concern approach enables the following to be achieved:

- Greater stability of results for the period and of changes in the Company's shareholders' equity;
- a faithful representation of the economic reality of business: the crystallisation of gains and losses on valuation is, in general, not consistent with the Company's choice of date and amount for the realisation of investments in segregated funds;
- Consistency with value measurements though profit or loss that take into account portfolio development;
- true and fair calculation of capital and results for IAS/IFRS purposes in scenarios of significant capital losses: the crystallisation of capital losses could result in an unjustified capital reduction even if current business performance is well above guaranteed minima;
- 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 business continuity. In particular, in view of its commitments in terms of 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 the repayment of bonds at maturity;
- consistency with the valuation approach of Article 36 of Regulation No. 21 of 28 March 2008. Crystallisation could penalise capital due to the possible double counting of capital losses already considered in the supplementary provisions recognised 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 is realised prospectively over a period of several years, consistent with the Company's management policies. The analysis is performed at the individual segregated fund level;
- the benchmark return by which to measure the impact of realising capital gains/losses is the "prospective natural return" of individual segregated funds. The natural rate is defined as the rate of return before any potential realisation and, from a theoretical standpoint, consists of income from equity investments, income from investment property, 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 managing contracts, and the average percentage of retrocession on returns if any. The analysis is carried out for each segregated fund and within same by bands of minimum guaranteed return.

Liability adequacy test (LAT)

In accordance with the provisions of IFRS 4, in order to verify the adequacy 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 identified;
- financial liabilities designated for measurement 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 identified, in the presence of insignificant insurance risk, and without discretionary participation in profits. The item refers to the financial liabilities governed by IAS 39 (IAS 39.9,47 (a)) and therefore includes 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 and index-linked products.

With regard to the criteria applied in the estimation of when to account for a financial liability, when to derecognise it, in the initial and subsequent valuations, as well as the methods for recognising 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 recognised at nominal value, and subordinated liabilities measured at amortised cost.

Payables

Payables deriving from direct insurance and reinsurance transactions

In accordance with IAS 39, this item includes trade payables arising from direct and indirect insurance transactions. These payables are recognised 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 falling within the scope of accounting standard IFRS 16 "Leases". The remaining payables are recognised in accordance with IAS 39.

Other liability items

Current and deferred tax liabilities

The current tax liabilities item includes payables to the tax authorities for current taxes.

Deferred tax liabilities are recognised for all taxable temporary differences between the book value of assets and liabilities and the corresponding value recognised for tax purposes, except in 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 see the section 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 investments, premium charges, generally on single premiums, intended to cover costs, 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 the 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 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 cover (when not financed entirely by recurring commissions).

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

The item also includes provisions for amounts due to employees for other long-term social security benefits 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 liabilities are recognised at nominal value.

INCOME STATEMENT

Net premiums

This item includes earned premiums 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 collection takes place and net of taxes to be paid by policyholders. Premiums ceded to reinsurers include amounts due to reinsurers under contractual reinsurance treaties. During the financial year, with a view to harmonising the criteria of the two merged companies, contracts underwriting insurance risk equal to or greater than 5% were identified as insurance contracts. Naturally this included contracts under which the Company underwrites a significant insurance risk linked to longevity, mortality or other biometric risks.

Commission income

This item encompasses revenues connected with financial services provided, pursuant to IFRS 15.

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

It also includes the amortisation in the income statement of deferred income in connection with insurance and reinsurance contracts with insignificant insurance risk and therefore valued according to IAS 39. Specifically, reference is made to deferred positive margins through the deferred income reserve (DIR).

Income and expenses deriving from financial instruments measured at fair value through profit or loss

This macro-item includes realised gains and losses and increases and decreases in the value of financial assets and liabilities measured at fair value through profit or loss.

Income deriving from other financial instruments

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

Other revenues

This macro-item, *inter alia*, includes other technical income linked to insurance contracts within the scope of IFRS 4, exchange differences accounted for in accordance with IAS 21, as well as gains realised and write-backs 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.

Claims-related expenses

With regard to insurance contracts under IFRS 4.2, this macro-item includes amounts paid, the change in claims provisions, the change in the provision for accounts payable, mathematical 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 amortisation in the income statement of deferred expenses in connection with insurance and reinsurance contracts with insignificant insurance risk and therefore valued in accordance with IAS 39. This in particular refers to deferred acquisition costs (DAC) relating to contracts governed by IAS 39.

Charges deriving from other financial instruments

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

Operating expense

Commissions and other acquisition expenses

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

Investment management expenses

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

Other administration expenses

This item includes overhead and personnel expenses not attributable to expenses relating to the acquisition of contracts, the settlement of claims and the management of investments. In particular, this item also includes overhead 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, inter alia, includes other technical expenses 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 realised and the portion of impairment of intangible assets and of tangible assets not otherwise allocated to other cost items.

Current 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 can be distinguished from defined contributions due to the fact that, unlike the latter, not all actuarial and investment risks are borne by the person entitled to benefit.

Defined benefits refer to pension plans (including severance indemnities) and healthcare assistance that the Company provides to its employees after termination of employment. The benefits due are based on the remuneration received by employees during a predetermined service period, as well as on the working life of 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 December 2006 remained within the Company, while the portions of employees' severance indemnities accrued with effect from 1 January 2007 were, at the employee's discretion (by 30 June 2007), allocated to a supplementary pension scheme or to the INPS Treasury Fund.

Employees' severance indemnities accrued up to 31 December 2006 (or any date chosen by the employee between 1 January 2007 and 30 June 2007 in the event of allocation of their severance indemnities to a supplementary pension scheme) continue to be classified as "defined benefit" plans and therefore subject to actuarial valuation, albeit using simplified actuarial assumptions, which no longer take into account projected future salary increases.

Any portions accrued from 1 July 2007 (or until the date chosen by the employee between 1 January 2007 and 30 June 2007 in the event of allocation of their severance indemnities to a supplementary pension scheme) are considered "defined contribution" plans (as the company's obligation ceases when it pays any accrued severance indemnities into the scheme chosen by the employee) and therefore the related cost for the period is equal to the amounts paid into the supplementary pension scheme or into the INPS Treasury Fund.

Derecognition of financial instruments from assets and liabilities

A financial instrument will be derecognised from the statement of financial position if, following its natural expiry, disposal, or other event, the contractual rights to 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 of assets, liabilities, costs, and revenues and on the presentation of contingent assets and liabilities at the reporting date. Such estimates and measurements are regularly reviewed by Company 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 recognised in the income statement in the financial year in which they actually occur.

The following information relates to assumptions and uncertainties in terms of estimates at 31 December 2020 with a significant risk of causing material changes in the book value of assets and liabilities to be recognised in the financial statements of the following financial year:

- impairment test on goodwill, positive VIF and deferred acquisition costs: main assumptions for the calculation of recoverable values;
- recognition and measurement of provisions and contingent liabilities: main assumptions on the probability and extent of an outflow of resources;
- measurement of the provisions for bad debts deriving from direct insurance transactions: main assumptions when calculating 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 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 has a risk management model, incorporated into the business, which is designed to optimise its risk profile by maintaining an adequate level of economic/regulatory capital, thereby meeting the expectations of shareholders and policyholders in terms of value creation and the safeguarding of corporate assets.

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

- only assuming risks relevant to its core business, developing and supplying products for which it is capable of ensuring well-established and high-level skills;
- only assuming risks for the management of which the Group has adequate capacity and

resources;

- ensuring satisfactory and lasting results to shareholders through risk management, safeguarding the expectations of the contracting parties and policyholders and maintaining a capital surplus to cope with extreme events;
- adopting prudent investment policies that aim to achieve efficient risk-return combinations;
- promoting ethical values and a risk culture at all company levels;
- ensuring the incorporation of risk management within the business through:
  - the current and forward-looking risk profile assessment process, aligned and integrated with the main decision-making processes (e.g. definition of the business plan);
  - the assessment of the risk appetite and of mechanisms to control consistency between the latter and the actual risk profile;
  - the explicit consideration of the impact of its business initiatives on the risk profile;
  - the ongoing monitoring of the solvency position through sensitivity analyses.

The internal control and risk management system, proportional to the Company's size and operational characteristics, is structured into three "lines of defence" as follows:

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

The main elements of the risk management system consist of:

- a process for defining the risk strategy, which will constitute the link between the Company's 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 risk identification process, designed to identify the internal and external risk factors that are relevant for the Group as a whole and for each Company belonging to it and any related changes that may have a significant impact on the business strategy and objectives on both an ongoing and an *ad hoc* basis;

- a risk measurement and assessment process designed to quantify the economic impact (using qualitative/quantitative methods) in terms of expected average loss in a complete and systematic manner 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 operating limits identified;
- a risk reporting process governing specific information flows between all the departments involved;
- dissemination of a risk management culture in order to increase value creation and minimise any 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 current risks 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, and ensures its continual completeness, functionality, and effectiveness, including in relation to outsourced activities. The management body ensures that the risk management system enables the identification, assessment (including on a forward-looking basis) and control of risks, including those deriving from non-compliance with the rules, and fulfils 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 management body.

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

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

With regard to the corporate governance and internal control safeguards within the Company, it is also useful to note that the following 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 of Directors, which has approved their respective Operating Regulations.

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

- ensure the adequacy 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 related codes of conduct.

The widespread risk management policy applied within the Group, reviewed and updated on an annual basis, sets out the model for the risk governance model, 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 and the aforementioned Board Committees of the parent company, have been defined in order to make the activities of the functions 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 provides for 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 currently detected and managed in the manner set out in the Risk Management Policy and in compliance with the provisions of Article 19 of IVASS Regulation No. 38/2018. These risks, also in consideration of the Solvency II structure, have been classified into the following risk categories:

- financial risks;
- Life technical risks;
- Health Similar to Life technical risks (the remainder of the Pramerica product portfolio);
- Counterparty default risks;
- Other risks.

1 Financial risk

The variables with the greatest impact on the financial portfolios were monitored during the financial year. Therefore, as part of risk management, the impacts of financial risk factors on the Group's investments and on capital solvency were assessed in both qualitative and quantitative terms, and a strategy was defined for managing investments, in line with the structure of commitments to policyholders, in order to improve their profitability. Financial management relies on the services of leading asset management companies that also operate through management mandates (Goldman Sachs Asset Management, BNP Paribas Asset Management). With regard to Pramerica Life S.p.A., the financial management of segregated funds is internal and characterised 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. is supported by the departments of Eurovita S.p.A., in order to ensure harmony and similarity in the management of assets.

The most relevant risk factors for the “Class C portfolio”, given the nature of the investments, are interest rate and credit risk, and the risk of misalignment in the portfolio of assets and liabilities, concentration risk and liquidity risk.

With a view to diversifying the portfolio and increasing the stability of future returns, in compliance with rules governing segregated funds, the Group has increased the weight of alternative investments (mainly debt alternative investment funds) and entered into forward derivatives contracts (long and short) on government bonds in the euro area.

With regard to investments in the “Class D portfolio”, the Company is indirectly exposed to a market risk based on the assets of policyholders, since management fees are collected in proportion to the market value of customers' funds, rather than in proportion to their initial investment. This is an accepted risk of the Group's business model, which aims to provide insurance products that allow a broader spectrum of investment and income options to be exploited.

The Group continuously monitors financial risks in order to implement any corrective measures and manage the effects of adverse market changes that could cause its investments to depreciate, influence the behaviour of policyholders, and increase the cost of the guaranteed returns incorporated in the liability portfolio. Through an integrated analysis of assets and liabilities by individual segregated funds, the sustainability of the guaranteed minimum amounts is evaluated with respect to the forward-looking macroeconomic scenario and asset and liability matching is analysed in terms of net cash flows and duration. Targeted asset and return optimisation actions have been carried out both in terms of ALM and for the purpose of a future reduction of the Solvency II capital requirement at Group level.

The Group, as also required by IVASS Regulation No. 24/2016, 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 the portfolios' exposure to market risk. Moreover, a Management Investment Committee, which meets monthly and in which corporate business and control departments are invited to participate, was established within the Companies. This Committee works to support the Board Group Investment Committee, which meets at least quarterly. The Chief Risk Officer and the Head of the Risk Management Function participate in these meetings whose purpose is to monitor the results achieved and verify the adequacy of the strategies and management tactics adopted in relation to the continual 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 risk / return combination most consistent with the Group's objectives.

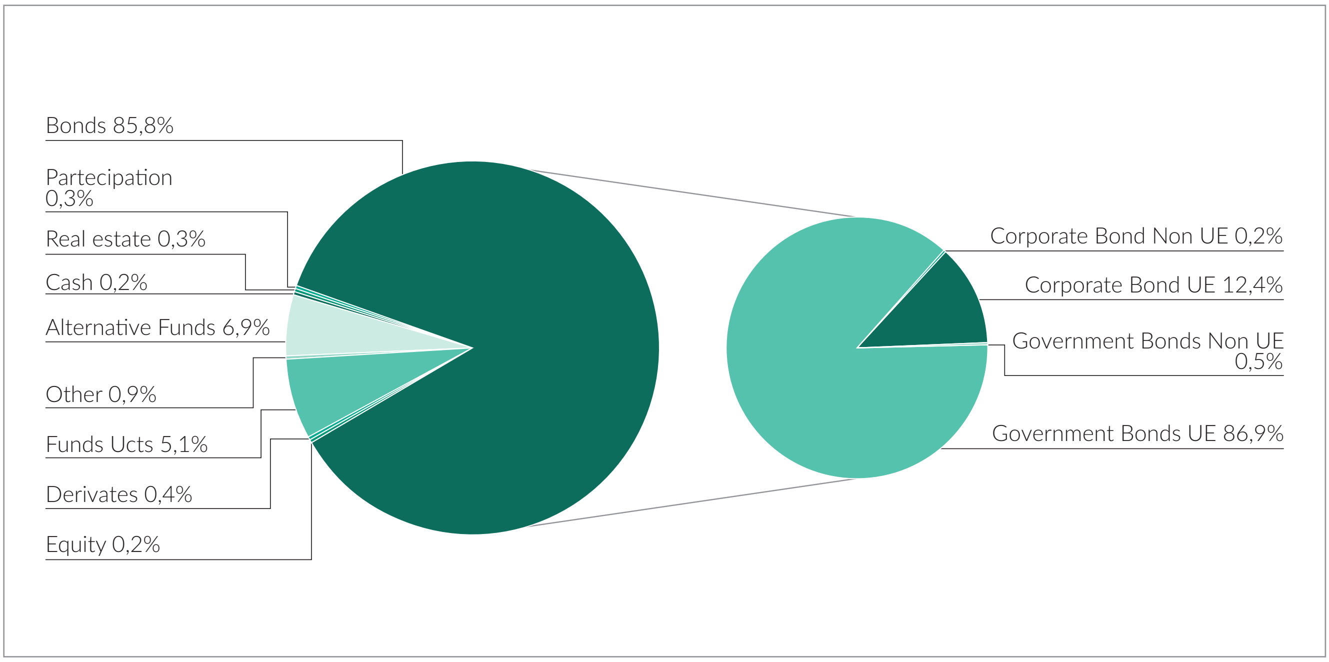
Interest rate risk is managed through a policy to optimise investment performance and by constantly monitoring asset and liability matching at the Group level and in terms of segregated funds.

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

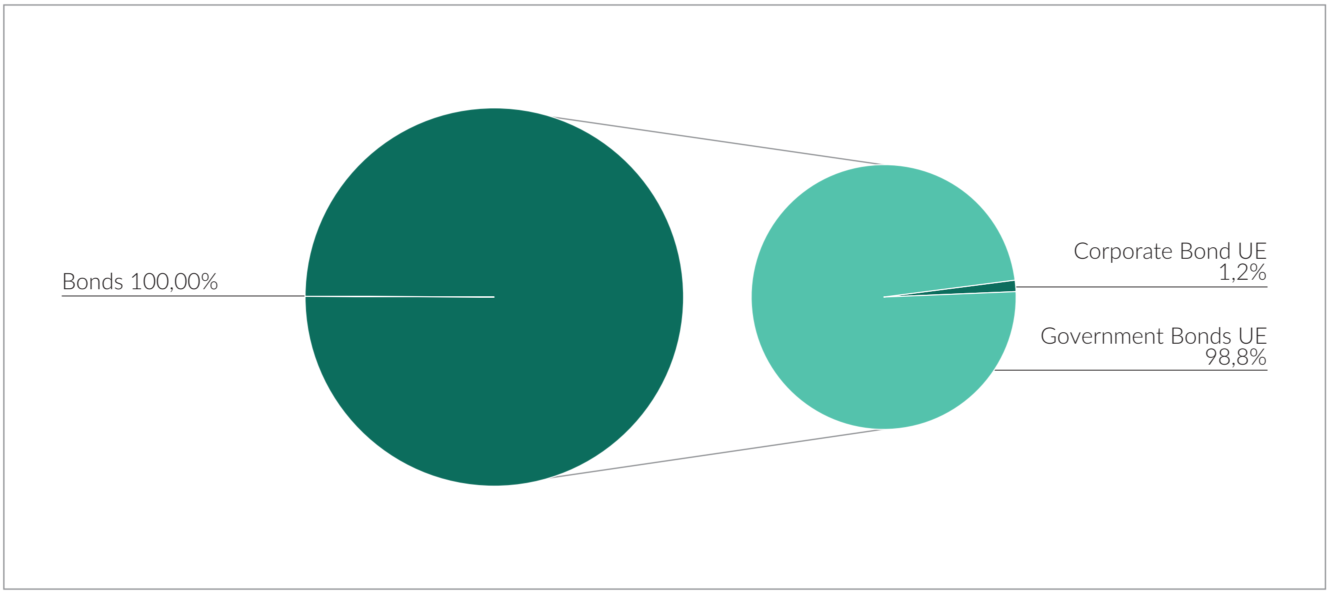
The Risk Management Function regularly monitors compliance with the above limits.

The Class C portfolio of Eurovita S.p.A., which at 31 December 2020 amounted to €10,828 million, mainly comprises bond instruments (approximately 86%), UCITS funds (approximately 5%) and alternative funds (approximately 7%).

The bond portfolio mainly includes securities issued in the euro zone and comprises government securities (approximately 87%), covered bonds, and corporate bonds (approximately 13%).



With regard to Pramerica Life S.p.A., the Class C portfolio amounted to €1,704,000 at 31 December 2020, and exclusively comprised bonds issued in the euro area, mainly government bonds (approximately 98.8%).



The "Class C" portfolio of Pramerica Life S.p.A. contributes in its entirety to the bonds sub-fund in the Group portfolio.

Market risk is assessed using the Standard Formula. Considering the composition of the Group's portfolio, the findings from these assessments reveal substantial exposure mainly to spread risk.

Liquidity risk arises when the Group companies, in order to meet the liquidity requirements of segregated funds, have no available funds and are unable to rapidly liquidate securities investments without suffering significant losses. 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. Periodic risk monitoring is carried out in the short, medium and long term, as required by the "Liquidity risk management policy " defined within the scope of the Framework Resolution on Investments (pursuant to IVASS Reg. No. 24/2016): the Risk Management Function is, in particular, in charge of medium-term monitoring (12 months) and verifies that the value of the Liquidity Coverage Ratio (LCR), i.e. the ratio of inflows to outflows, is not lower than the risk appetite and tolerance thresholds defined in the Risk Appetite Framework.

2 Life technical risk

The Group's portfolio contains a balanced mix of hedging products with a predominantly savings element, Unit-linked products without guarantees (found only in the Eurovita S.p.A. portfolio), and a remaining portion of pure risk hedging products.

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 termination 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-profits policies with minimum guaranteed returns, in addition to incorporating appropriate criteria that take into account the situation of the financial markets and existing regulatory restrictions, the corresponding financial investment holdings are 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 measurement through profit testing to verify the sustainability of the coverage being offered, the riskiness, and the margins generated for the Group. Pricing is based on actuarial statistical analyses, including on a forward-looking basis, to ensure an adequate assumption of risks when setting the premium and charges, including in relation to placement and contract 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.

With regard to mortality risk, i.e. relating to insurance contracts in the "event of death" (whether term or whole of life), the mortality tables used for pricing are prudential and risk exposure is monitored through a comparison between actual mortality and theoretical mortality drawn 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 is more detailed the higher the capital to be insured and the older the insured. 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 Company's exposure to underwriting risk is mainly linked to the risk of early cancellation and expenses.

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

(figures in Euro thousand)

Direct gross premiums by line of business			
	EUROVITA GROUP		
IAS Classification	**Premiums in the first year + single premiums**	**Premiums in subsequent years**	**Total**
Supplementary	34	3.614	3.648
Indirect business	-	4.626	4.626
Insurance	44.206	133.545	177.750
Investment DPF	1.076.871	67.272	1.144.143
Grand total	**1.121.111**	**209.057**	**1.330.167**
Investment	454.455	8.259	462.714
Grand total	**1.575.566**	**217.316**	**1.792.881**

(figures in Euro thousand)

Direct gross premiums by line of business			
	EUROVITA S.P.A.		
IAS Classification	Premiums in the first year + single premiums	Premiums in subsequent years	Total
Supplementary	33	3.435	3.468
Indirect business	-	4.626	4.626
Insurance	25.605	71.044	96.649
Investment DPF	1.020.157	67.272	1.087.429
Grand total	**1.045.795**	**146.377**	**1.192.172**
Investment	454.455	8.259	462.714
Grand total	**1.500.250**	**154.636**	**1.654.886**

(figures in Euro thousand)

Direct gross premiums by line of business			
	PRAMERICA LIFE S.P.A. 2020		
IAS Classification	Premiums in the first year + single premiums	Premiums in subsequent years	Total
Supplementary	1	179	180
Indirect business	-	-	-
Insurance	18.601	62.501	81.101
Investment DPF	56.714	-	56.714
Grand total	**75.316**	**62.680**	**137.995**
Investment	-	-	-
Grand total	**75.316**	**62.680**	**137.995**

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

(amounts in Euro million)

Riserve assicurative del segmento vita per garanzia di rendimento					
Eurovita Group		Eurovita S.p.A.		Pramerica Life S.p.A.	
	Direct Business December 2020		Direct Business December 2020		Direct Business December 2020
Reserves with interest rate guarantees	9.960,2	Reserves with interest rate guarantees	8.703,9	Reserves with interest rate guarantees	1.256,4
from >= 0% to <=1%	**6.429,6**	**from >= 0% to <=1%**	**6.040,9**	**from >= 0% to <=1%**	**388,7**
from >1% to <=2%	**2.306,8**	**from >1% to <=2%**	**1.621,0**	**from >1% to <=2%**	**685,9**
from >2% to <=3%	**549,8**	**from >2% to <=3%**	**411,3**	**from >2% to <=3%**	**138,6**
from >3% to <=4%	**674,0**	**from >3% to <=4%**	**630,7**	**from >3% to <=4%**	**43,3**
Over 4%	**-**	**Over 4%**	**-**	**Over 4%**	**-**
Reserve for mortality risk	68,2	Reserve for mortality risk	46,2	Reserve for mortality risk	22,0
Reserves linked to specific assets	26,9	Reserves linked to specific assets	26,9	Reserves linked to specific assets	-
Unit-Linked Reserves	615,9	Unit-Linked Reserves	615,9	Unit-Linked Reserves	-
Other Technical reserves	401,5	Other Technical reserves	385,9	Other Technical reserves	15,5
Shadow accounting reserve	1.646,8	Shadow accounting reserve	1.309,8	Shadow accounting reserve	337,0
VIF - Value in force	118,8	VIF - Value in force	118,8	VIF - Value in force	-
Total	**12.838,2**	**Total**	**11.207,3**	**Total**	**1.630,9**

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 next 12 months. Credit risk distinguishes at least three types of exposure 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 securitisation, and derivatives.

The Companies periodically monitor their 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 quality, commitment, and solvency criteria; the Company's reinsurance policy is generally oriented towards the prudent hedging of exposures to avoid unwanted risk concentrations.

The *insolvency risk* of financial brokers (bank exposure) 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 IVASS Regulation No. 38/2018 and the Solvency II Directive, provides for the identification, 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, 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 such risks 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 business line managers, who are required to identify and implement mitigation actions.

In relation to IT systems, security, access, continuity, and performance requirements are guaranteed and integrated with the Disaster Recovery Plan system, which is geographically distant from Company headquarters. Both Companies have a Disaster Recovery Plan in place consisting of a specific strategic plan aimed at minimising the loss of information and time for recovering corporate information in particularly critical situations; this plan defines the set of technological measures required to restore systems, data, and infrastructures necessary for the provision of services in the aftermath 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 reveals different maturity levels within the group and the Risk Management Function will implement specific actions to ensure an adequate level of convergence and homogeneity. In particular, on a periodical basis, the first-line functions, supported by the Risk Management Function, are asked to identify the main risk events to which the Companies could be exposed, to assess them in terms of likelihood of occurrence and economic impact, and identify adequate mitigation actions if the risk level incurred is considered unacceptable. The assessments conducted in 2020 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, lastly, for Eurovita S.p.A., 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 Function and other functions involved, is responsible for detecting and assessing risks and defining the actions and resources necessary to manage them. The ongoing adoption of measures ensures the achievement of business objectives and strategic objectives, as well as a continual 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 selling of unsuitable 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 imposed by the Supervisory Authority, with the resulting possibility of incurring legal or administrative penalties, or suffering losses resulting from reputational damage.

Related party transactions

1. Legal framework

“Related parties” of the Company are parties defined as such by International Accounting Standard IAS 24 requiring disclosures about transactions and outstanding balances with an entity's related parties.

When drafting this section of the notes to the financial statements, reference is made to the applicable statutory provisions, IAS 24, and the applicable provisions contained in IVASS Regulation No. 30 of 26 October 2016. Following the issuance of the above, intercompany transactions are defined by the “Management of Intercompany Transactions Policy”, while related party transactions are governed by the “Management of Related Party Transactions Policy”.

Both documents were presented and approved by the Board of Directors on 15 October 2020 and are reviewed at least annually.

2. Management of related party transactions

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

In particular, if a related party transaction is carried out by one of the parties defined in the Management of Related Party Transactions Policy, a notice (the transaction notice) should immediately be sent to the appropriate company department containing the following information: a) the characteristics of the transaction; b) whether the transaction was directly ordered by the Company or through a subsidiary; c) information on the actual/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 the reasons underlying the classification (e.g. whether it is a major/minor transaction); 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 the maximum timeframe for the commencement thereof; for transactions involving 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; and h) the reasons underlying the classification of the transaction.

The department in charge, as a result of the information received, performs checks relating to the classification of the transaction and the completeness of the documentation received. It will also support the company department involved in monitoring activities prior to the approval of transactions and will start the approval process required for material and highly material transactions, notifying the Chief Executive Officer and/or the Chairman of the Audit, Internal Control & Risk Committee, who will, on receipt of this communication, convene a meeting of the committee for the purpose of issuing a non-binding opinion.

Related party transactions 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. Related party transactions to be submitted to the examination and prior approval of the Board of Directors

The most significant transactions with a value, considered for each individual transaction, equal to or greater than €5 million will be submitted for the prior examination and approval of the Audit, Internal Control & Risk Committee, 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 whether the Company has an interest (and on whether the subsidiary has an interest in any transactions carried out through it) 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 against 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 to justify the firm's objective interest in carrying out the transaction, supported, where applicable, by the opinion of third-party consultants; or 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 fairness 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 authorise it where such task this falls within the powers granted to him or her, or if the transaction does not fall within his or her powers, or if he or she considers it appropriate, an opinion is provided to the committee on the Company's interest in carrying out the transaction, so that it 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 fairness of the relevant conditions. In the event of approval by the Chief Executive Officer, the decision will be noted in specific reports.

3. Related party transactions carried out during the year

Pursuant to the applicable provisions in this regard, it should be noted that during 2020 the following transactions between related parties of a material nature were identified:

- On 31 January 2020, the Board of Directors of the subsidiary Eurovita S.p.A. resolved to amend certain terms and conditions relating to the Tier 2 subordinated bond issued on 28 June 2019 totalling €65.0 million, resulting in the issue of additional securities totalling €50.0 million. On 21 February 2020, the entire nominal amount of the above new bond issue was subscribed (in return for a payment of €49.5 million) by Fifth CINVEN Fund, a member of the control chain of the issuer of the aforementioned bond.

It should also be noted that the entire bond loan was subsequently sold, for €114.5 million, by the Fifth CINVEN Fund to a third-party investor (Tenshi Investment Pte Ltd) which currently holds the entire amount, without any gain on the part of the initial subscriber.

All of the above transactions were carried out under arm's length conditions.

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

Information on the consolidated statement of financial position and the 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 will not be perfectly comparable as the 2019 figures did not include the contribution of the company Pramerica Life S.p.A., acquired on 18 December 2019.
However, the statement of financial position data between the two years are comparable as they relate to the same scope of consolidation.

Statement of financial position - Assets

1. Intangible assets

1.1 Goodwill

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

(Amounts in Euro thousand)

	31/12/2020	31/12/2019
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 with the acquirer's interest in the net 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 data characterising the 2020 management. It should be noted that despite the ongoing negative effects of the Covid-19 pandemic, the sensitivity analyses carried out, the positive trend in business in the early weeks of 2021 and the forecasts for the entire year do not point to anything that could affect the valuation.

1.2 Other intangible assets

The item Other intangible assets was made up as follows:

(Amounts in Euro thousand)

	31/12/2020	31/12/2019
Eurovita S.p.A.	58.981	70.742
Agenzia Eurovita S.r.l.	0	363
Eurovita Holding S.p.A.	123.734	168.762
Total	**182.716**	**239.867**

The item, equal to €182,716,000 (€239,867,000 in 2019) shows a decrease of €57,151,000 compared with 2019, as detailed below.

All intangible assets have a definite useful life.

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

(Amounts in Euro thousand)

TOTAL IAS CONSOLIDATION	GROSS VALUE 31.12.2019	INCREASE	DECREASE	GROSS VALUE 31.12.2020	ACC. AMORT.	NET VALUE 31.12.2020
VIF	346.555	-	-	346.555	-164.374	182.181
SOFTWARE	6.457	535	-	6.992	-6.754	238
RECOVERIES	1.038	-	-1.038	-	-	-
ASSETS IN PROGRESS	2.921	-	-535	2.386	-2.089	297
TOTAL	**356.971**	**535**	**-1.573**	**355.933**	**-173.217**	**182.716**

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

Incremental 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 recognised include:

- recognition of the VIF (Value in force) following the acquisition of the former Ergo Italia Group on 30 June 2016 (€159.3 million). The relevant amortisation charge (€40.4 million) was defined on the basis of the actual run-off of provisions;
- recognition of the VIF deriving from the acquisition of the former Old Mutual Wealth Italy S.p.A. and

related recognition of its gross VIF, equal to €127.0 million and related amortisation of €10.9 million, calculated on the basis of the actual run-off of provisions.

- recognition of the VIF resulting from the acquisition of Pramerica Life S.p.A. totalling €60.3 million and the relevant amortisation of €4.6 million, calculated on the basis of the run-off of provisions;
- 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 following the placing of the Company in liquidation and the consequent termination of the agency mandates, intangible fixed assets relating to the net value of the recoveries charged by the mandating companies were reduced by €348,000 to zero.

The breakdown of Other intangible assets (Item 1.2 Assets) separately specifying assets recognised at cost and assets recognised at the restated value, or at fair value, is provided in the mandatory attachments, as per ISVAP Regulation No. 7/2007.

2. Tangible assets

2.1 Real estate

The item includes the valuation of the “right of use” deriving from the lease contracts of the properties housing the units and offices of the companies within the Group’s scope of consolidation, in accordance with the new accounting standard IFRS 16 "Leases". Details are provided below:

(Amounts in Euro thousand)

	31/12/2020	31/12/2019
Eurovita S.p.A.	18.636	19.798
Pramerica Life S.p.A.	-	3.526
Total	**18.636**	**23.324**

It should be noted that the figure for the subsidiary Pramerica Life S.p.A. was reduced to zero compared with the previous year, as in 2020 the office leases were terminated following the transfer of all the Company's employees to the Group's registered office at Via Pampuri 13 in Milan.

2.2 Other tangible assets

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

The breakdown of the item by Company is given below:

(Amounts in Euro thousand)

	31/12/2020	31/12/2019
Eurovita S.p.A.	467	560
Agenzia Eurovita S.r.l.	-	1
Eurovita Holding S.p.A.	73	49
Pramerica Life S.p.A.	275	498
Pramerica Marketing S.r.l.	-	104
Total	**816**	**1.212**

Statement of changes in tangible fixed assets:

(Amounts in Euro thousand)

TOTAL IAS CONSOLIDATION	GROSS VALUE 31.12.2019	INCREASE	DECREASE	GROSS VALUE 31.12.2020	DEPRECIATION FUND 31.12.2019	DECREASE	AMORTIZATION OF THE PERIOD	DEPRECIATION FUND 31.12.2020	NET VALUE 31.12.2020
CARS	540	236	-95	681	-172	24	-209	-357	324
FURNITURE AND FIXTURES	3.210	448	-692	2.966	-3.128	660	-303	-2.771	195
ELECTRONIC MACHINES	2.178	-	-824	1.354	-1.751	784	-167	-1.133	221
PLANTS AND EQUIPMENT	1.534	-	-709	824	-1.201	473	-20	-748	76
TOTAL	**7.462**	**684**	**-2.321**	**5.825**	**-6.251**	**1.940**	**-699**	**-5.010**	**816**

The fair value, considered equal to the value in use, is provided in the relevant attached table, with an indication of the corresponding value in the previous financial year.

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

-Furniture: 12%

-Electronic machinery: 20%

-Plant and equipment: 10%

The further disclosure required under Accounting Standard IFRS 16 “Leases” 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 leasing of cars.

ii. Right-of-use assets

(Amounts in Euro thousand)

	BUILDING	CARS	TOTAL
Balance at January 1st, 2020	23.324	368	23.692
Depreciation for the year	-1.242	-209	-1.451
Increase for Right of Use	80	225	305
Disposal assets for Right of Use	-3.526	-61	-3.587
Balance at December 31, 2020	**18.636**	**324**	**18.960**

iii. Amounts recognised in profit/(loss) for the year

(Amounts in Euro thousand)

	TOTAL 2020
Depreciation of assets for Right of Use	1.451
Interest expenses on leasing liabilities	483
Costs on short-term or modest value on leases	101
Total impact on P&L	**2.036**

Short-term lease costs (i.e. contracts expiring on or before 31 December 2020) or relating to assets with a low unit value (less than €5,000) relates to printers and monitors installed at the ’offices of companies included in the Group's scope of consolidation.

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

iv. Right-of-use liabilities

The following table sets out the maturities of the lease liabilities:

(Amounts in Euro thousand)

	Value at 31.12.2020	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	19.388	23.143	1.667	6.265	15.211

3. Technical provisions borne by reinsurers

The technical provisions borne by reinsurers, including business ceded and retroceded, amounted to €358,480,000 (€771,275,000 in 2019), decreasing by €412,795,000 in total compared with 31 December 2019, due to the fact that a significant generation ceded in reinsurance had reached maturity.

(Amounts in Euro thousand)

	Value at 31/12/2020	Value at 31/12/2019	Change
Mathematical Provisions	219.822	635.529	-415.706
Provisions for complementary insurance	587	1.143	-556
Outstanding claims provisions	137.445	133.970	3.475
Provisions for profit sharing	239	248	-9
Claims reserve - Non-life business	354	308	46
Unearned premium reserve - Non-life business	33	78	-45
Total Amounts ceded to reinsurers	**358.480**	**771.275**	**-412.795**

The performance of the technical provisions borne by reinsurers reflects the evolution of the recurring annual premium portfolio and of the term death and supplementary policies. The mathematical provisions 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 temporis* 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 with the end of the previous financial year.

It should be noted that the item also includes reserves ceded in the Non-Life business of Pramerica Life S.p.A. totalling €387,000 (€386,000 at the end of the previous year). All of these provisions refer to the insurance cover taken out with reinsurer RGA (Reinsurance of America).

The technical provisions borne by reinsurers are 60.0% covered by deposits made by said reinsurers.

4. Investments

4.4 Loans and receivables

The following table shows the breakdown of loans and receivables, totalling €616,546,000, by type of investment compared with the corresponding values at the end of the previous financial year

(€744,373,000 in 2019):

(Amounts in Euro thousand)

	31/12/2020		31/12/2019		Change	
	Book value	Fair Value	Book value	Fair Value	Book value	Fair Value
Other loans and receivables	**14.353**	**14.353**	24.487	24.487	-10.134	-10.134
Debt securities	**529.495**	**592.834**	645.365	630.447	-115.870	-37.613
Deposits with reinsurers	**72.698**	**104.910**	74.521	98.211	-1.823	6.699
Total Loans and Receivables	**616.546**	**712.097**	**744.373**	**753.145**	**-127.827**	**-41.048**

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

- loans and other financing amounting to a total of €14,353,000, which includes €12,930,000 relating to loans on policies (€4,113,000 relating to Pramerica Life S.p.A.);
- deposits with ceding institutions totalling €72,698,000;
- debt securities, including related accrued income, of €529,495,000.

Debt securities mainly comprise private placements and unlisted bonds (including repurchase agreements in place with Italian banking institutions with underlying Italian government securities of €11,013,000 and fixed-rate bonds issued by the SPV Spire with underlying Italian long-term bonds of €319,470,000).

At year-end, this asset category showed an unrealised net capital gain of €63,340,000.

4.5 Available-for-sale financial assets

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

(Amounts in Euro thousand)

	31/12/2020				31/12/2019			
	Amort. cost	Book value	Equity Reserve	Fair Value	Amort. cost	Book value	Equity Reserve	Fair Value
Debt securities	**9.235.495**	**10.618.316**	**1.382.822**	**10.618.316**	9.680.069	10.339.977	659.908	10.339.977
of which, listed	***9.195.306***	***10.578.347***	***1.383.041***	***10.578.347***	*9.640.906*	*10.302.702*	*661.797*	*10.302.702*
UCI / ETF units	**1.352.456**	**1.360.884**	**8.428**	**1.360.884**	1.296.286	1.318.429	22.143	1.318.429
Equity securities at fair value	**21.327**	**21.368**	**41**	**21.368**	21.737	21.001	-735	21.001
of which, listed	**-**	**-**	**-**	**-**	-	-	-	-
of which, not listed	***21.327***	***21.368***	***41***	***21.368***	*21.737*	*21.001*	*-735*	*21.001*
Total Financial Assets AfS	**10.609.278**	**12.000.569**	**1.391.291**	**12.000.569**	**10.998.091**	**11.679.408**	**681.316**	**11.679.408**

Available-for-sale financial assets totalled €12,001 million, an increase on the €11,679 million recorded at the end of 2019.

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. Investment activity was mainly directed towards government bonds and corporate issues of both core and peripheral European countries in search of returns consistent with commitments to policyholders, paying particular attention to the quality of assets with the aim of containing the decline in profitability. In particular, exposures to Italian government bonds were substantially unchanged, while exposures to Spanish and Portuguese government bonds increased slightly, confirming the Group's close attention to portfolio diversification. Investments met the requirements of corporate directives and were characterised by durations almost entirely consistent with ALM requirements.

The equity reserve for debt securities (understood as the difference between amortised cost and fair value) totalled €1,382,822,000 at 31 December 2020 (€659,908,000 at the end of the previous year). The performance of the equity reserve benefited from a significant decrease in interest rates in 2020, as well as from a significant improvement in the spread on Italian government bonds, to which the direct bond component - which has an average maturity of 10.2 years for the Eurovita S.p.A. portfolio and 11.7 years for the Pramerica Life S.p.A. portfolio - is linked.

“UCI/ETF Units”, amounting to €1,360,884,000, consists of a variety of investment categories that include money market units/shares (€44,698,000), investment grade and high-yield bonds (€522,937,000) and other types of closed-end funds or funds with a limited-entry window (€793,249,000); the latter are diversified between Private Equity, Infrastructure Equity, Real Estate Equity, Infrastructure Debt, Real Estate Debt, Loan Debt, and Direct Lending subdivided into 37 specialised instruments. The equity reserve for this latter category (€8,428,000) decreased compared with the end of the previous year, with the trend for the recovery of losses due to the economic situation caused by the pandemic crisis having not yet come to an end.

The item "Equity securities at fair value" (€21,368,000) constitutes a residual weight in line with the equity risk limitation policy. This characteristic was also confirmed in 2020 with a portfolio that continued to consist of shares of Italian banking institutions and other unlisted financial companies linked to the Company through distribution agreements, as well as 400 shares of the Bank of Italy totalling €10,000,000.

Through the impairment test procedure, the Company verified the existence of any conditions that could definitively justify the recognition of permanent losses in value. At 31 December 2020, write-downs of bank investments of €4,084,000 (€4,831,000 in 2019) and of AIF units of €2,462,000 (€1,244,000 in 2019) were recognised, the latter being mainly related to Direct Lending sub-funds (€1,343,000).

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 them with the corresponding values at the end of the previous financial year.

(Amounts in Euro thousand)

	31/12/2020	31/12/2019	Change
Hedge derivatives	42.187	32.512	9.675
Non-hedge derivatives	8.073	5.559	2.514
Debt securities	7.947	9.908	-1.961
of which, listed	*2.935*	*4.856*	*-1.921*
of which, not listed	*5.012*	*5.052*	*-40*
Equity securities at fair value	-	-	-
of which, listed	-	-	-
Assets held for trading	***58.207***	***47.979***	***10.228***
Debt securities	81.946	85.729	-3.783
of which, listed	*81.946*	*85.729*	*-3.783*
of which, not listed	-	-	-
UCI / ETF units	6.634.940	6.701.666	-66.726
Equity securities at fair value	9.629	3.000	6.629
of which, listed	*9.629*	-	*9.629*
of which, not listed	-	*3.000*	*-3.000*
Other Financial investments	19.013	35.675	-16.662
Assets designated at fair value	***6.745.528***	***6.826.070***	***-80.542***
Total Financial Assets at Fair Value through P&L	**6.803.735**	**6.874.049**	**-70.314**

Financial assets measured at fair value through profit or loss totalled €6,803,735,000 a decrease compared with 2019, when they stood at € 6.874.049,000.

Among the investments held for trading, the item Debt securities includes structured bonds for which it was decided not to proceed with the stripping out of embedded derivatives (€7,947,000) in addition to derivative components (€8,073,000) stripped out from structured products classified under loans and receivables. The "Hedge derivatives" item refers to the positive positions of forward hedge contracts entered into during 2017 (€42,187,000), which deteriorated by a total of €16,423,000 compared with the previous financial year if considered after deducting the item recognised in financial liabilities for contracts with a negative value due to the spread in Italian government securities; the relevant change in fair value was booked to shareholders' equity in the item Reserve for expected cash flow hedges. During 2020, four forward contracts were closed out and six expired, which led to the related changes in the underlying bonds classified under the item Available-for-sale assets.

The item Financial assets designated at fair value includes investments for the benefit of Life policyholders who bear the risk thereof ((comprising 120 internal unit-linked funds divided into 180 classes and 1,650 external unit-linked funds), which amounted to €6,745.5 million at 31 December 2020 (€6,827.1 million in 2019).

A restatement of the overall bond portfolio by issuer risk (without considering the amount related to "Financial assets at fair value") follows:

(Amounts in Euro thousand)

	Breakdown of debt securities by issuer risk				
	Nominal Value	**Amortized cost**	**Book value**	**Equity reserve**	**Fair Value**
ITALIAN GOVERNMENT	3.357.705	3.934.073	4.621.528	-687.455	4.621.528
PORTUGUESE GOVERNMENT	1.036.372	1.153.512	1.312.984	-159.473	1.312.984
SPANISH GOVERNMENT	970.181	1.075.679	1.274.086	-198.407	1.274.086
FRENCH GOVERNMENT	484.135	498.437	566.826	-68.388	566.826
SINGLE PLATFORM INV.REPAC.ENTITY SA	397.000	400.152	410.894	-10.741	452.252
BELGIAN GOVERNMENT	278.141	302.224	389.802	-87.578	389.802
IRISH GOVERNMENT	190.175	202.187	225.640	-23.453	225.640
COMMUNITY OF MADRID	129.647	145.499	160.902	-15.403	160.902
JUNTA DE CASTILLA Y LEON	110.000	115.043	130.563	-15.521	130.563
DEXIA CREDIT LOCAL	94.800	96.982	99.334	-2.352	99.334
NRW BANK	80.000	92.475	92.256	219	93.480
UBI BANCA	82.828	85.605	87.383	-1.778	87.383
SLOVENIAN GOVERNMENT	76.440	80.294	87.145	-6.851	87.145
SLOVAKIAN GOVERNMENT	70.740	77.567	89.085	-11.518	89.085
AUTONOMOUS REGION OF THE AZORES	69.000	70.027	73.540	-3.513	73.540
FINNISH GOVERNMENT	53.165	60.664	64.699	-4.034	64.699
BANCO BILBAO VIZCAYA ARGENTARIA SA	50.000	58.632	60.968	-2.336	60.968
ESPV SA	50.000	51.596	52.187	-591	52.187
COMMUNAUTE FRANCAISE DE BELGIQUE	50.000	50.828	51.924	-1.096	51.924
OTHER ISSUERS =< €50M	1.128.854	1.221.461	1.304.014	-82.553	1.310.064
Total	**8.759.183**	**9.772.936**	**11.155.758**	**-1.382.822**	**11.204.391**

5. Sundry receivables

5.1 Receivables deriving from direct insurance transactions

The following tables show the breakdown of this item (indicating the split by company and type of receivable):

(Amounts in Euro thousand)

	31/12/20	31/12/19
Eurovita S.p.a.	**27.511**	43.959
Pramerica Life S.p.A.	**3.024**	2.908
Total	**30.535**	**46.867**

(Amounts in Euro thousand)

	Value at 31/12/2020	Value at 31/12/2019	Change
Receivables from policyholders for late premium payments	**28.496**	39.594	-11.098
Receivables from insurance brokers	**2.039**	7.273	-5.234
Total Receivables arising out of direct insurance operations	**30.535**	**46.867**	**-16.332**

Receivables deriving from direct insurance transactions amounted to €30,535,000, a decrease compared with €46,867,000 in 2019. The reduction is mainly attributable to improved processes linked to collection operations and to portfolio harmonising operations carried out during the second half-year.

As required by ISVAP Regulation No. 7/2007, receivables for recoveries were allocated to loans and receivables.

The balance of receivables shown above takes into account the provision for bad debts, amounting respectively to €2,099,000 for receivables from policyholders, and €2,293,000 for receivables from brokers.

For completeness of information, the following analytical table sets out the changes in provisions for bad debts compared with the previous year:

(Amounts in Euro thousand)

Allowance for doubtful accounts	Value at 31/12/2020	Value at 31/12/2019	Change
Receivables from policyholders for late premium payments	**2.099**	5.119	-3.019
Receivables from insurance brokers	**2.293**	1.995	299
Total Allowance for doubtful accounts	**4.393**	**7.113**	**-2.720**

As mentioned above, the improvement in processes linked to collection operations and the portfolio harmonising operations carried out in the second half of the year resulted in the consequent release of the relevant provision for bad debts for premiums in arrears.
It should also be noted that as of the fourth quarter of 2020, arrears exceeding 12 months were written down exclusively for those securities not in the reserve.

5.2 Receivables deriving from reinsurance transactions

The macro-item, as shown in the following table, includes values relating to both of the Group's insurance companies:

(Amounts in Euro thousand)

	31/12/20	31/12/19
Eurovita S.p.A.	**3.610**	3.576
Pramerica Life S.p.A.	**54**	-
Total	**3.664**	**3.576**

The breakdown of the item is as follows:

(Amounts in Euro thousand)

	Value at 31/12/2020	Value at 31/12/2019	Change
Receivables reinsurance companies	**3.419**	3.153	266
Receivables from reinsurance brokers	**246**	423	-178
Total Receivables arising out of reinsurance operations	**3.664**	**3.576**	**88**

Receivables deriving from reinsurance transactions increased from €3,576,000 at 31 December 2019 to €3,664,000 at 31 December 2020, largely unchanged compared with the end of the previous year.

5.3 Other receivables

The following table details the relevant information by company:

(Amounts in Euro thousand)

	31/12/20	31/12/19
Eurovita S.p.A.	**36.714**	31.452
Agenzia Eurovita	**2**	2
Eurovita Holding S.p.A.	**13.822**	26.976
Pramerica Life S.p.A.	**653**	2.930
Pramerica Marketing S.r.l.	**120**	698
Total	**51.310**	**62.057**

This item mainly includes receivables from the tax authorities, receivables from financial operators for the retrocession by Asset Managers of part of the management fees levied on the Class-D portfolio invested in External Funds, and receivables for accounts payable, due within 12 months.

The breakdown by type is shown below:

(Amounts in Euro thousand)

	Value at 31/12/2020	Value at 31/12/2019	Change
Tax credit	**37.543**	45.414	-7.872
Receivables from financial operators	**8.591**	9.969	-1.378
Other receivables	**5.176**	6.674	-1.498
Total Other receivables	**51.310**	**62.057**	**-10.747**

The following table shows the breakdown of tax receivables at 31 December 2020:

(Amounts in Euro thousand)

	Value at 31/12/2020	Value at 31/12/2019	Change
Receivables for prepaid tax stamp	**9.496**	8.605	891
Tax credit for refund claims	**8.790**	3.367	5.422
Interest on tax credit for refund claims	**1.963**	1.963	0
Tax credit for IRES	**11.343**	26.563	-15.220
Refund tax credit	**1.853**	1.853	0
Insurance tax credit	**1.739**	2.512	-773
Other tax credit	**2.359**	552	1.807
Total Tax Credit	**37.543**	**45.414**	**-7.872**

Receivables from financial operators of €8.591,000 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 2020:

(Amounts in Euro thousand)

	Value at 31/12/2020	Value at 31/12/2019	Change
Trade receivables	**1.221**	474	747
Sundry receivables	**1.287**	4.144	-2.858
Receivables for subscriptions	**2**	519	-517
Receivables for management fees	**1.404**	1.295	109
Receivables for fund certification charges	**486**	0	486
Sundry receivables for Life payments	**777**	241	535
Total Other receivables	**5.176**	**6.674**	**-1.498**

6. Other asset items

6.2 Deferred acquisition costs

The following table details the relevant information by company:

(Amounts in Euro thousand)

	31/12/20	31/12/19
Eurovita S.p.A.	**37.187**	41.659
Pramerica Life S.p.A.	**12.641**	12.238
Total	**49.827**	**53.897**

The change in the item during the year was as follows:

(Amounts in Euro thousand)

	Value at 31/12/2019	Unwind due to renewal failure	Unwind for installment amort.	New Business	Value at 31/12/2020
Direct business	53.897	2.720	8.084	6.735	**49.827**
Total Deferred Acquisition Costs	**53.897**	**2.720**	**8.084**	**6.735**	**49.827**

As can be inferred from the above breakdown, the change is mainly attributable to the amortisation of costs previously capitalised.

6.3 Deferred tax assets

In accordance with IAS 12.74, deferred and prepaid taxes should be offset when they refer to the same type of tax. For the year 2020, deferred taxes exceeded prepaid taxes, entailing a liability of €82,235,000 (deferred tax liabilities of €119,068,000 were recognised in 2019).

6.4 Current tax assets

The following table details the relevant information by company:

(Amounts in Euro thousand)

	31/12/20	31/12/19
Eurovita S.p.A.	**270.237**	298.128
Eurovita Holding S.p.A.	**1**	-
Agenzia Eurovita	**23**	47
Pramerica Life S.p.A.	**27.075**	26.913
Pramerica Marketing S.r.l.	**11**	13
Total	**297.347**	**325.100**

The breakdown of the item is instead shown below, together with changes compared with the previous financial year:

(Amounts in Euro thousand)

	Value at 31/12/2020	Value at 31/12/2019	Change
I.R.E.S. (corporate income tax) credit	**800**	2.358	-1.559
I.R.A.P. (regional tax on productive activities) credit	**4.254**	3.762	492
Tax credit on Mathem. Provisions	**292.294**	318.980	-26.686
Total Current tax assets	**297.347**	**325.100**	**-27.753**

The item contains the tax credit for the drawing on mathematical provisions established by Decree-Law No. 209 of 24/9/2002, converted into Law No. 265 of 22/11/2002, converted into Law No. 265 of 22/11/2002, totalling €292,294,000 (comprising €266,264,000 relating to Eurovita S.p.A. and €26,030,000 relating to Pramerica Life S.p.A.), IRES prepayments of €800,000 relating to the excess prepayments made during 2020 by Pramerica Life S.p.A., a company not within the scope of the tax consolidation, and IRAP prepayment receivables of €4,254,000.

6.5 Other assets

The following table details the relevant information by company:

(Amounts in Euro thousand)

	31/12/20	31/12/19
Eurovita S.p.A.	**106.764**	101.773
Eurovita Holding S.p.A.	**244**	8
Agenzia Eurovita S.r.l.	**1**	-
Pramerica Life S.p.A.	**416**	491
Pramerica Marketing S.r.l.	**-**	72
Total	**107.424**	**102.344**

This macro-item may be broken down as follows:

(Amounts in Euro thousand)

	Value at 31/12/2020	Value at 31/12/2019	Change
Comm. to be amort. on invest. contracts	**44.688**	52.567	-7.878
Accrued income	**5.783**	5.989	-206
Prepayments	**1.753**	1.840	-88
Deferred income	**55.201**	41.949	13.252
Total Other assets	**107.424**	**102.344**	**5.080**

This item increased by €5,080,000 compared with the same period of the previous year, mainly due to the combined effect of the larger deposits on forward contracts totalling €16,780,000, the €3,529,000 reduction attributable to securities to be settled over two years and a €7,878,000 decrease in deferred acquisition costs relating to contracts classified as investments.

The change in deferred acquisition costs relating to contracts classified as investments according to IFRS 4, which represent the most significant decrease, is shown below. This item mainly derives from the contribution of the former OMWI, specialised in the marketing of Unit-linked products:

(Amounts in Euro thousand)

Investment Products	31/12/19	Changes in portfolio	Unwind for installment amort.	New Business	31/12/20
DOC	52.567	3.130	12.627	7.878	**44.688**

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, equal to €28,375,000, is made up of the balances of ordinary current accounts held with various banking institutions, cheques and cash in hand.

The following table details the relevant information by company:

(Amounts in Euro thousand)

	31/12/20	31/12/19
Eurovita S.p.A.	**21.140**	54.744
Agenzia Eurovita	**1.122**	1.337
Eurovita Holding S.p.A.	**1**	1
Pramerica Life S.p.A.	**6.019**	7.022
Pramerica Marketing S.r.l.	**93**	101
Total	**28.375**	**63.204**

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

Again with a view to improving liquidity management, it should be noted that on 18 November 2019, after the related operations commenced on 27 November 2019, a "cash-pooling" agreement was entered into between 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 freezing of dividend pay-outs as specified in the Capital Policy, the company Eurovita Holding S.p.A. cannot receive liquidity, in the form of dividends, to meet overheads costs. Therefore, this transaction will ensure that cash is available to the Holding Company, if and when necessary;

- to reduce banking costs in relation to the counterparty's larger size.

8. Intercompany financial transactions

(Amounts in Euro thousand)

BREAKDOWN OF INTERCOMPANY ITEMS AT 31.12.2020	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.				11.362		11.362
Other Receivables						
Eurovita Holding S.p.A.		9.303	136	202		9.641
Eurovita S.p.A.	32.432		29	463		32.924
Agenzia Eurovita S.p.A.		5.355				5.355
Pramerica Life S.p.A.					104	104
Pramerica Marketing S.r.l.				548		548
Other Assets						
Eurovita S.p.A.				400		400
Total assets	**32.432**	**14.658**	**165**	**12.975**	**104**	**60.333**
Liabilities						
Provisions						
Eurovita S.p.A.			4.957			4.957
Other financial liabilities						
Pramerica Life S.p.A.		11.362				11.362
Payables arising out of direct insurance operations						
Eurovita S.p.A.			397			397
Pramerica Life S.p.A.					647	647
Payables						
Eurovita Holding S.p.A.		32.432				32.432
Eurovita S.p.A.	9.303					9.303
Agenzia Eurovita S.p.A.	136	29				165
Pramerica Marketing S.r.l.	202	463			5	671
Other liabilities						
Pramerica Life S.p.A.		400				400
Total liabilities	**9.641**	**44.686**	**5.355**	**-**	**652**	**60.333**

Statement of financial position - Liabilities

1. Shareholders' equity

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

(Amounts in Euro thousand)

SHAREHOLDERS' EQUITY	31/12/20	31/12/19	Change
Share capital	1.000	1.000	-
Other equity instruments	-	-	-
Capital reserves	198.300	198.300	-
Revenue reserves and other reserves	321.287	233.843	87.444
(Own shares)	-	-	-
Reserve for currency translation differences	-	-	-
Reserve for unrealized gains and losses on AfS financial assets	29.432	100.542	-71.109
Reserve for other unrealized gains and losses through equity	-503	-9.854	9.350
Result of the period	-27.739	87.444	-115.183
Group capital	**521.777**	**611.275**	**-89.499**
Third parties capital and reserves	728	669	58
Reserve for other unrealized gains and losses through equity	62	213	-151
Result of the period	21	58	-38
Third parties capital	**810**	**941**	**-131**
Total Shareholders' Equity	**522.587**	**612.216**	**-89.629**

The breakdown by type of shareholders' equity items is provided in the financial statements.

The significant decrease of €89,629,000 compared with the end of 2019 was mainly due to:

- a loss for the period of €27.7 million, due to a general contraction in the results of the Companies within the Group's scope of consolidation, as already presented in the Report on Operations;
- a decrease in the AFS reserve (net of the shadow accounting effect and deferred tax effects) totalling €71.1 million due to the turbulence on the financial markets caused by the spread of the Covid-19 pandemic;
- an increase in the cash flow hedge reserve, which includes changes in the fair value of derivative financial instruments generated in the context of cash flow hedges, after deferred tax effects (up €9.2 million).

2. Provisions

The following table details the relevant information by company:

(Amounts in Euro thousand)

	31/12/20	31/12/19
Eurovita S.p.A.	18.542	14.101
Agenzia Eurovita	-	-
Eurovita Holding S.p.A.	102	102
Pramerica Life S.p.A.	155	2.040
Pramerica Marketing S.r.l.	50	100
Total	**18.849**	**16.344**

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

As the amount is significant, here is a summary of the change in the provisions at 31 December 2020 of Eurovita S.p.A., net of intercompany items that were derecognised in the consolidation process:

(Amounts in Euro thousand)

	Amount at 31/12/2019	Increase	Decrease	Amount at 31/12/2020
Tax litigation	**1.224**	65	-65	1.224
Provisions for defaulted index-linked policies	**2.760**	0	-398	2.362
Sundry disputes with third parties	**4.092**	4.000	-2.404	5.688
Dormant policies	1.000	0	0	1.000
Other accrual	3.092	4.000	-2.404	4.688
Agency network provisions	**2.108**	348	-973	1.483
Litigation with agency network	**1.066**	0	-219	847
Sundry disputes with customers	**1.099**	1.401	-62	2.438
Other personnel provisions	**1.752**	3.382	-634	4.501
Total Provisions	**14.101**	**9.195**	**-4.755**	**18.542**

The changes during financial year 2020 are discussed below:

Tax litigation:

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

- €855,000 had been set aside in previous years for the tax dispute relating to the refusal to reimburse the 1998 IRAP payment, the relevant interest and the estimated legal expenses. The company is waiting for the hearing date to be set by the Rome Regional Tax Commission after the appeal was rejected by the Rome Provincial Tax Commission. The provision covers the entire receivable consisting of €655,000 in principle and €176,000 in interest carried in the financial statements until 2015, amounting to a total receivable of €831,000;
- in 2019, the Italian Revenue Agency - Lazio Regional Directorate - carried out a tax audit that covered the 2015 and 2016 tax periods; the audit related to the analysis of the tax treatment of dividends paid out by Eurovita Assicurazioni S.p.A. to the former parent company JCF III Eurovita Holding Sarl (incorporated in Luxembourg). In particular, the Italian Revenue Agency focused on the Company's behaviour as a tax agent. The audit resulted in a tax audit report in which the Revenue Agency challenged the Company for its failure to withhold taxes on dividends paid out by the Company to the former parent company amounting to €5,010,000 plus penalties and interest. During 2020, the Company reached a settlement with the Revenue Agency in the amount of €3,844,000. This amount was paid in full on 11 January 2021 by the former parent company JCF Eurovita Holding Sarl under a specific agreement between the parties entered into during the purchase of Eurovita Assicurazioni S.p.A. The dispute is therefore resolved;
- during 2020, the Court of Cassation confirmed the decisions already taken by the Rome Provincial Tax Commission and the Rome Regional Tax Commission regarding the right to be reimbursed for IRES and IRAP for the years 2003 and 2004 in the amount of €1,892,000 plus accrued interest; the appropriate actions have been taken with regard to the Revenue Agency for the recovery of the receivable and expenses of €26,000, which the Revenue Agency has been

ordered to pay.

in respect of the merged company OMWI:

- A provision of €369,000 that already existed at 31 December 2019, relating to the higher IRAP amount determined by the Italian Revenue Agency in relation to the dispute regarding the 2007 tax year, for which the Company had lodged an appeal with the Milan Provincial Tax Commission, which was rejected, and the appeal lodged with the Milan Regional Tax Commission, which was also rejected, was confirmed. In 2015, the Company had appealed to the Court of Cassation, and the Italian Revenue Agency has filed a counter-claim. Since a hearing date has not yet been set, the item has been left unchanged;

Miscellaneous disputes with third parties:

The amounts relate to appropriations made for certain or probable legal actions to cover the risks of an adverse outcome in ongoing disputes with suppliers and third parties, as well as appropriations relating to projects to streamline the existing portfolio, specifically with regard to contracts with significant guaranteed minimum payments.

Finally, €4,000,000 was set aside following ongoing negotiations relating to clauses for the renewal of certain capital bonds.

During the year, the ongoing dispute related to the former Rome headquarters of the merged company Eurovita Assicurazioni S.p.A. was settled with the payment of €3,621,000, deducted from the previously created €2,400,000 provision for risks. The financial settlement occurred in the first few days of 2021.

Provisions for defaulted index-linked products:

Provision for index-linked policies with a defaulted bond component whose holders have not yet responded to customer care initiatives and for which individual settlement agreements will be defined in the future.

Total amount allocated at 31 December 2020 equal to €2,362,000.

Agency network provisions:

Restructuring of the agency network: following the closure of the agency channel, allocations were made during the fourth quarter of the year totalling €348,000 for certain drawings in relation to the expensing of recoveries related to agency closures during the third quarter of the year of €973,000.

Miscellaneous agency network disputes:

Provisions for litigation with the agency network. This includes allocations for risks of losing pending disputes with former agents. The provision was decreased by €219,000 for drawings related to the settlement of a number of disputes.

Miscellaneous customer disputes:

This reserve includes provisions set aside for the risk of losing pending disputes with policyholders, which amounted to €1,099,000 at 31 December 2019. The changes during the financial year mainly relate to provisions of €1,401,000 set aside for the settlement of new disputes.

Other provisions relating to personnel:

These provisions include amounts set aside for redundancy payments or other expenses for employed personnel, which amounted to €1,752,000 at 31 December 2019. The changes during the year mainly relate to new provisions due to the redundancy incentive procedure/use of the solidarity fund which concluded with a trade union agreement on 16 July 2020, concerning the closure of the former ERGO Previdenza agents' channel, amounting to €3,363,000.

With reference to the companies Pramerica Life S.p.A. and Pramerica Marketing S.r.l., the provisions in place at 31 December 2020 and the main changes during the year are commented on below:

- for Pramerica Life S.p.A., the balance at 31 December 2020 was €155,000 and relates to other forms of incentive granted to employees that have not yet accrued. During the year, a total of €1,885,000 was utilised of the provision previously set aside for redundancy packages to employees related to the acquisition of the Company by the Eurovita Group;
- for the company Pramerica Marketing S.r.l., the closing balance at year-end was €50,000 and is in connection with a number of pending disputes with terminated former sub-agents.

3. Technical provisions

The following table details the relevant information by company:

(Amounts in Euro thousand)

	31/12/20	31/12/19
Eurovita S.p.A.	**11.291.422**	10.885.106
Pramerica Life S.p.A.	**1.631.940**	1.436.648
Total	**12.923.362**	**12.321.754**

The relevant breakdown is shown in the following tables:

(Amounts in Euro thousand)

	Value at 31/12/2020	Value at 31/12/2019	Change
Insurance provisions - Life	**11.147.093**	11.203.721	-56.628
Insurance provisions - Non-Life	**1.063**	1.158	-94
Shadow accounting	**1.656.437**	946.802	709.636
VIF - Value in force	**118.768**	170.074	-51.305
Total Insurance Provisions	**12.923.362**	**12.321.754**	**601.608**

The breakdown by type of technical provisions, broken down by direct and indirect business, showing the corresponding value for the previous financial year, is provided in the mandatory annexes pursuant to ISVAP 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 increased by €601.6 million, from €12,321.8 million in 2019 to €12,923.4 million at 31 December 2020, mainly attributable to the increase in the shadow accounting reserve of

€709,637,000, partially offset by the reduction in the negative VIF of €51,306,000 related to contracts of the former Eurovita Assicurazioni S.p.A.

As can also be seen from the table above, technical provisions also include €118,768,000 relating to the negative value of the Life portfolio of the former Eurovita Assicurazioni S.p.A., acquired in 2017 (VIF - Value in Force). The VIF is reduced annually on the basis of the run-off of the provisions to which it refers.

The breakdown by type of technical provisions, with the corresponding value for the previous financial year, is shown below:

(Amounts in Euro thousand)

	Value at 31/12/2020	Value at 31/12/2019	Change
Total insurance reserves - Life	**12.922.299**	**12.320.596**	**601.703**
Mathematical Reserve	**10.026.345**	10.599.784	-573.439
Reserve for premium recoveries	**31.921**	46.216	-14.295
Reserve for rate expiry risk	**19.537**	2.048	17.489
Reserve per demographic basis adjustments	**9.999**	8.568	1.431
Reserves for indirect business	**72.698**	74.521	-1.823
Reserve for surrenders	**444**	430	14
Reserve for mortality risk	**7.082**	4.164	2.918
Reserves for special redemptions	**35.500**	37.186	-1.686
Reserves for Class D	**615.966**	125.506	490.460
Reserves for supplementary insurance	**4.380**	5.247	-867
Outstanding Reserve	**321.941**	300.050	21.891
LAT - Liability Adequacy Test	**1.280**	-	1.280
Shadow accounting reserve	**1.656.437**	946.801	709.636
VIF	**118.768**	170.074	-51.306
Total insurance reserves - Non-Life	**1.063**	**1.158**	**-95**
Unearned premium reserve	**154**	363	-209
Claims reserve	**909**	794	115
Total insurance reserves	**12.923.362**	**12.321.754**	**601.608**

The change in the provision pursuant to Article 1801, decrease in rates, was mainly affected by lower projected RW yields.

Pursuant to the provisions contained in paragraph 3 of Article 11-*bis* of ISVAP Regulation No. 7 of 13 July 2007 and paragraph 15 of IFRS 4, the adequacy of the insurance liability was tested at 31 December 2020 according to the principles of the Liability Adequacy Test (LAT).

According to these rules for insurance contracts and for investment contracts with DPF (the category in which Multi-class products are classified), an adequacy test of the contractual technical provisions is required (mathematical provisions for pure, additional and supplementary premiums and 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 is designed to ascertain that the ***statutory reserve*** (value of all contractual provisions) net of the intangible assets linked to contracts (Deferred Acquisition Cost and VIF) is greater than or equal to the ***realistic reserve*** calculated on the basis of realistic future commitments, as further specified below.

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

Actuarial provisions, including write-ups, provision for expenses, and additional provisions for expenses, additional reserve for insufficient demographic bases, additional reserve for insufficient rates and for timing differences, 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 performed on the closed portfolio (insurance and investment with DPF), present at 31 December 2020.

The realistic reserve is defined as follows:

(+) present value of the company's benefits (maturities, redemptions, deaths, coupons, annuities)

(-) fair value of premiums

(+) present value of expenses (including commission expense).

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 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 pricing structure, minimum guaranteed rate, retrocession rates, and segregated fund.

The projection, for each aggregate, was achieved with 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 write-up clauses, and any other contractual option in place.

The non-economic assumptions are the same as those adopted for SII valuations, based on the Company's experience.

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

For with-profits products, the insured sums were revalued according to contractual conditions on the basis of the one-year forward rate curve obtained from the spot curve obtained 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 should be long enough to cover the entire duration of the contracts, always keeping in mind the principle of materiality. The company adopted a projected time horizon of 40 years, except for segregated funds linked to supplementary pension products, for which it preferred to extend the horizon to 50 years.

In order to take account of the non-modelled portfolio (less than 3% of provisions) and of certain particular reserves, the realistic reserve, deriving from the discounting of cash flows, was reproportioned, for each type of management, according to the proportion of reserves in the financial statements of the modelled contracts.

For active reinsurance contracts, the realistic reserve was obtained on the basis of flows determined by the cedant.

The adequacy testing of insurance liabilities according to the principles of the Liability Adequacy Test (LAT), carried out using the method set out above, demonstrated their sufficiency for all business lines except for Eurovita 2000, for which an additional reserve was created.

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

(Amounts in Euro thousand)

Management	Statutory reserve (a1)	Shadow accounting reserve (a2)	(a) = (a1+a2)	VIF (b1)	DAC (b2)	(b) = (b1+b2)	Expansion factor (c)	Realistic reserve (d)	Adjusted realistic reserve (e) = (d) * (c)	Riders	Adjusted realistic reserve (e') = (e) + riders	Reserve margin (f)=(a)-(b)-(e)
EUR	3.810.335	498.250	4.308.585	-53.224	6.389	-46.835	99,87%	3.893.172	3.887.921	0	3.887.921	467.499
PRIM + SPEC	1.853.718	296.306	2.150.024	-98.453	0	-98.453	100,39%	2.182.999	2.191.445	0	2.191.445	57.032
NS	2.629.486	454.073	3.083.559	46.338	14.568	60.905	101,62%	2.417.087	2.456.221	-38.736	2.417.484	605.169
NPPB	417.457	59.526	476.983	8.370	0	8.370	100,75%	465.107	468.613	0	468.613	0
E2000	10.832	3.491	14.322	0	0	0	141,09%	11.065	15.612	-9	15.603	-1.280
FUT	13.528	2.334	15.862	3.085	0	3.085	100,15%	11.661	11.678	0	11.678	1.098
SMA	38.308	5.019	43.327	33	0	33	100,00%	37.910	37.910	0	37.910	5.384
UL	624.306	0	624.306	639	16.523	17.163	104,71%	496.490	519.884	0	519.884	87.259
TCM-CPI	56.679	0	56.679	19.620	1.280	20.900	97,54%	29.061	28.345	-7.178	21.167	14.612
INDIRECT	72.698	0	72.698	5.383	0	5.383	100,00%	63.962	63.962	0	63.962	3.354
TOTAL	**9.527.346**	**1.318.999**	**10.846.345**	**-68.210**	**38.760**	**-29.450**		**9.608.514**	**9.681.591**	**-45.924**	**9.635.667**	**1.240.128**

Provisions by product (Pramerica Life) are shown below:

(Amounts in Euro thousand)

Management	Statutory reserve (a1)	Shadow accounting reserve (a2)	(a) = (a1+a2)	VIF (b1)	DAC (b2)	(b) = (b1+b2)	Expansion factor (c)	Realistic reserve (d)	Adjusted realistic reserve (e) = (d) * (c)	Riders	Adjusted realistic reserve (e') = (e) + riders	Reserve margin (f)=(a)-(b)-(e)
PR	96.712	32.762	129.474	-10.768	0	-10.768	102,19%	114.680	117.197	0	117.197	23.045
PF	1.149.982	298.684	1.448.666	43.845	11.727	55.572	100,99%	1.113.759	1.124.822	0	1.124.822	268.273
PP	18.518	5.544	24.062	-1.385	0	-1.385	101,32%	22.575	22.874	0	22.874	2.573
Fuori Fondo (TCM-CPI-LTC)	24.170	0	24.170	24.013	913	24.926	98,66%	-16.863	-16.637	0	-16.637	15.881
TOTAL	**1.289.383**	**336.990**	**1.626.373**	**55.705**	**12.641**	**68.346**		**1.234.151**	**1.248.256**	**0**	**1.248.256**	**309.771**

4. Financial liabilities

4.1 Financial liabilities measured at fair value through profit or loss

This item, the entirety of which regards Eurovita S.p.A., includes liabilities for financial contracts amounting to €6,176 million at 31 December 2020 (€6,740 million at 31 December 2019), and negative hedge derivatives totalling €94,114,000 (€68,015,000 at the end of the previous year).

The item can be broken down as follows:

(Amounts in Euro thousand)

	Value at 31/12/2020	Value at 31/12/2019	Change
Financial liabilities - Investment contracts	**6.176.135**	6.740.141	-564.006
Hedge derivatives	**94.114**	68.015	26.099
Total fin. liabilities at fair value through P&L	**6.270.248**	**6.808.156**	**-537.908**

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 which also provides the corresponding value for the previous financial year.

As already mentioned, hedge derivatives amounted to €94,114,000 and relate to forward contracts, with a balancing entry in the cash flow hedge reserve, recognised in shareholders' equity net of the related tax effects.

4.2 Other financial liabilities

This item also entirely relates to the subsidiary Eurovita S.p.A.

The following table summarises the changes for the year:

(Amounts in Euro thousand)

	Value at 31/12/2020	Value at 31/12/2019	Change
Subordinated liabilities	**158.779**	110.338	48.441
Deposits Forward	**0**	520	-520
Deposits received from reinsurers	**215.101**	625.059	-409.958
Total Other financial liabilities	**373.881**	**735.918**	**-362.037**

The item includes deposits received from reinsurers of €215,101,000, down by €409,958,000 compared with 2019, mainly due to the decrease in ceded provisions. The remuneration of deposits is essentially linked to certified rates of return on segregated funds.

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 expiry of a substantial generation being ceded. The remuneration of deposits was calculated on the basis of certified rates of return for segregated funds taking into account contractual clauses.

The following table sets out the details of subordinated loans at 31 December 2020 (€158,779,000) 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 31/12/2020
Bond loan	5.000	01/10/15	01/10/25	4,75%	**5.011**
Bond loan	40.000	22/12/15	22/12/25	6,00%	**40.279**
Bond loan	115.000	21/02/20	21/02/30	6,75%	**113.490**
Total Subordinated liabilities	**160.000**				**158.779**

As shown in the previous table, it should be noted that on 31 January 2020, the Board of Directors of the subsidiary Eurovita S.p.A. resolved to amend certain terms and conditions relating to the Tier 2 subordinated bond issued on 28 June 2019 totalling €65.0 million, resulting in the issue of additional securities totalling €50.0 million. On 21 February 2020, the entire nominal amount of the above new bond issue was subscribed (in return for a payment of €49.5 million) by Fifth CINVEN Fund, a member of the control chain of the issuer of the aforementioned bond.

It should also be noted that the entire bond loan was subsequently sold, for €114.5 million, by the Fifth CINVEN Fund to a third-party investor (Tenshi Investment Pte Ltd) which currently holds the entire amount.

5. Payables

5.1 Payables deriving from direct insurance transactions

The following table shows the breakdown by company and a comparison with the previous year:

(Amounts in Euro thousand)

	Value at 31/12/2020	Value at 31/12/2019	Change
Eurovita S.p.A.	**25.166**	**28.282**	-3.116
Pramerica Life S.p.A.	**4.243**	**4.504**	-261
Total	**29.408**	**32.786**	**-3.378**

Payables from direct insurance transactions decreased slightly compared with 31 December 2019, from €32,786,000 to €29,408,000.

With reference to the company Eurovita S.p.A., the balance almost entirely consists (€25,085,000) of payables for fees and commissions due to brokers and banks on premiums collected and paid mainly during the first few months of 2020.

With regard to the other subsidiary, Pramerica Life S.p.A., this item mainly includes payables to agents of €3,830,000.

5.2 Payables deriving from reinsurance transactions

The following table details the relevant information by company:

(Amounts in Euro thousand)

	Value at 31/12/2020	Value at 31/12/2019	Change
Eurovita S.p.A.	**69.267**	**75.770**	-6.503
Pramerica Life S.p.A.	**793**	**971**	-179
Total	**70.059**	**76.741**	**-6.682**

As shown in the previous table, the item decreased from €76,741,000 at 31 December 2019 to €70,059,000 at the end of 2020.

The decrease observed, mainly attributable to the subsidiary Eurovita S.p.A. (-€6,503 compared with 2019), is closely linked to the reduced run-off of the maturities of commercial reinsurance generated in the year 2000 compared with payments for the 1999 generation.

5.3 Other payables

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

(Amounts in Euro thousand)

	31/12/20	31/12/19
Eurovita S.p.A.	**50.404**	38.156
Agenzia Eurovita S.r.l.	**57**	42
Eurovita Holding S.p.A.	**118.712**	118.284
Pramerica Life S.p.A.	**6.415**	10.520
Pramerica Marketing S.r.l.	**192**	1.760
Total	**175.780**	**168.763**

(Amounts in Euro thousand)

	Value at 31/12/2020	Value at 31/12/2019
Employees' severance indemnities	1.921	2.174
Miscellaneous tax payables	6.456	2.107
Payables to pension and social security institutions	1.890	2.042
Trade payables	13.988	13.645
Sundry payables	16.628	9.376
Loan from Holdco	115.511	115.511
Financial liabilities IFRS16	19.388	23.908
Total	**175.780**	**168.763**

A detailed comment on the main components of the macro-item in question and 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 the company;
- *Trade payables:* this item, substantially in line with the end of the previous financial year, also includes provisions made for accounts receivable;
- *Loan from Holdco:* this is a "perpetual", non-interest-bearing loan totalling €115,511,000 granted by Flavia Holdco Limited to Eurovita Holding S.p.A., which was utilised for 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 use of the assets governed by such contracts.

6. Other liability items

6.2 Deferred tax liabilities

Deferred tax liabilities, equal to €82,235,000, relate 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, taxed risk provisions, deferred commission income and expense, 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 €55,200,000 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 €18,588,000 to Pramerica Life S.p.A.

6.3 Current tax liabilities

The following table details the relevant information by company:

(Amounts in Euro thousand)

	31/12/20	31/12/19
Eurovita S.p.A.	**41.863**	43.049
Agenzia Eurovita S.r.l.	**-**	-
Eurovita Holding S.p.A.	**136**	17.274
Pramerica Life S.p.A.	**6.485**	6.864
Pramerica Marketing S.r.l.	**26**	3
Total	**48.510**	**67.191**

This item includes the unpaid portion of tax for the period on mathematical provisions, pursuant to Decree-Law No. 209 of 24 September 2002, converted into Law No. 265 of 22 November 2002, amounting to €41,863,000 for Eurovita S.p.A. and €5,375,000 for Pramerica Life S.p.A.

6.4 Other liabilities

The following table details the relevant information by company:

(Amounts in Euro thousand)

	31/12/20	31/12/19
Eurovita S.p.A.	**53.394**	49.368
Eurovita Holding S.p.A.	**2.426**	1.865
Pramerica Life S.p.A.	**1.293**	1.975
Total	**57.112**	**53.208**

As shown in the table above, the change observed in the item is mainly due to the increase recorded for Eurovita S.p.A. The breakdown of the item for this company, which is given below, shows that the change is due to higher agents' redundancy payments connected with the closure of the agency network in 2020 and to higher accrued expenses related to the subordinated loans issued.

(Amounts in Euro thousand)

	Value at 31/12/2020	Value at 31/12/2019	Change
Deferred commission income	**3.574**	4.154	-580
Suspended premiums collected	**33.918**	35.055	-1.136
Commissions to be paid on late premiums	**0**	1.654	-1.654
Rappels and agency network contributions	**3.224**	131	3.093
Personnel expenses	**3.536**	3.686	-150
Accrued liabilities and deferred income	**8.475**	4.255	4.220
Other liabilities	**667**	434	233
Total Other Liabilities	**53.394**	**49.368**	**-4.690**

The increase in the payable to agents for rappels and contributions (€3,224,000) mainly refers to the severance indemnities payable to agencies closed during the year.

The changes in commission income on investment contracts are attached:

(Amounts in Euro thousand)

Investment Products	31/12/19	Changes in portfolio	Unwind for installment amort.	New Business	31/12/20
DIR	4.154	264	1.108	792	**3.574**

Income statement

Details of the income statement items are shown below. In this regard, it should be noted that the figures for the year 2019 do not include values for the subsidiary Pramerica Life S.p.A. as it was acquired close to the end of the previous year (18 December 2019). In light of this, like-for-like comparative details will be provided if they are essential for understanding the changes that occurred between the two periods under review.

1. Net premiums (Item 1.1 Income statement)

Following is a breakdown of premiums by insurance activity:

(Amounts in Euro thousand)

	Vita	Vita
	31/12/20	**31/12/19**
Gross earned premiums	**1.330.167**	2.003.719
Earned premiums ceded	**14.793**	29.574
Total net earned premiums	**1.315.374**	**1.974.145**

The breakdown of net premiums, indicating the premiums recognised, the change in the premiums provision and the gross amounts and amounts borne by reinsurers, and also showing the corresponding value of the previous financial year, is provided in a specific annex.

1.1.1 Gross earned premiums

(Amounts in Euro thousand)

	31/12/20	31/12/19
Eurovita S.p.A.	**1.192.172**	2.003.719
Pramerica Life S.p.A.	**137.995**	-
Total	**1.330.167**	**2.003.719**

As shown in the above table, premium income contracted significantly compared with the end of 2019 due to the negative effects of the Covid-19 pandemic. To improve understanding of the trend observed during the year, some tables containing the relevant breakdowns are provided below:

(Amounts in Euro thousand)

	Amounts at 31/12/2020 (Pram. Life S.p.A.)	Amounts at 31/12/2020 (Eurovita S.p.A.)	Total amount at 31/12/2020	Total amount at 31/12/2019	Change	Change %
Annual premiums in the first year	**7.416**	**27.538**	**34.954**	110.285	-75.330	-68%
Annual premiums in subsequent year	**62.680**	**141.910**	**204.590**	155.449	49.140	32%
Single premiums	**67.078**	**1.018.097**	**1.085.175**	1.732.760	-647.585	-37%
Non-Life premiums	**822**	**0**	**822**	0	822	n/a
Total direct business	**137.995**	**1.187.546**	**1.325.541**	**1.998.493**	**-672.952**	**-34%**
Premiums on reinsured risks (indirect business)	**0**	**4.626**	**4.626**	5.225	-599	-11%
Total gross earned premiums	**137.995**	**1.192.172**	**1.330.167**	**2.003.719**	**-673.552**	**-34%**

With regard to the analysis of gross earned premiums according to the classification in IFRS 4, in order to better highlight the causes of the changes that took place between the two periods in question, we have provided below: (i) evidence of the change between the two years on a like-for-like basis (i.e. considering only the subsidiary Eurovita S.p.A.) and (ii) an indication of the contribution of the subsidiary Pramerica Life S.p.A. to the overall figure for 2020.

(Amounts in Euro thousand)

IAS Classification	2020 - consolidation scope 2019 (Eurovita S.p.A.)			2019			Change		
	Premiums in the first year + single premiums	Premiums in subsequent years	Total	Premiums in the first year + single premiums	Premiums in subsequent years	Total	Premiums in the first year + single premiums	Premiums in subsequent years	Total
Supplementary	**33**	**3.435**	**3.468**	59	6.090	6.149	-26	-2.655	-2.681
Indirect business	**-**	**4.626**	**4.626**	5.225	-	5.225	-5.225	4.626	-599
Insurance	**25.605**	**71.044**	**96.649**	36.999	89.792	126.791	-11.394	-18.748	-30.142
Investment DPF	**1.020.157**	**67.272**	**1.087.429**	1.806.001	59.553	1.865.554	-785.844	7.719	-778.125
Grand total	**1.045.795**	**146.377**	**1.192.172**	**1.848.284**	**155.435**	**2.003.719**	**-802.489**	**-9.058**	**-811.547**
Investment	**454.455**	**8.259**	**462.714**	476.222	9.426	485.648	-21.767	-1.167	-22.934
Grand total	**1.500.250**	**154.636**	**1.654.886**	**2.324.506**	**164.861**	**2.489.367**	**-824.256**	**-10.225**	**-834.481**

IAS Classification	2020 (Pramerica Life S.p.A.)			2020 - consolidation scope 2019 (Eurovita S.p.A.)			Total amounts at 31.12.2020		
	Premiums in the first year + single premiums	Premiums in subsequent years	Total	Premiums in the first year + single premiums	Premiums in subsequent years	Total	Premiums in the first year + single premiums	Premiums in subsequent years	Total
Supplementary	**1**	**179**	**180**	33	3.435	3.468	34	3.614	3.648
Indirect business	**-**	**-**	**-**	-	4.626	4.626	-	4.626	4.626
Insurance	**18.601**	**62.501**	**81.101**	25.605	71.044	96.649	44.206	133.545	177.750
Investment DPF	**56.714**	**-**	**56.714**	1.020.157	67.272	1.087.429	1.076.871	67.272	1.144.143
Grand total	**75.316**	**62.680**	**137.995**	**1.045.795**	**146.377**	**1.192.172**	**1.121.111**	**209.057**	**1.330.167**
Investment	**-**	**-**	**-**	454.455	8.259	462.714	454.455	8.259	462.714
Grand total	**75.316**	**62.680**	**137.995**	**1.500.250**	**154.636**	**1.654.886**	**1.575.566**	**217.316**	**1.792.881**

The above tables show that the substantial decrease in business is almost entirely due to the negative performance of products classified as "Investments with DPF" (a decrease of €778,125,000 compared with 31 December 2019 on a like-for-like basis and €721,411,000 including the contribution of Pramerica Life S.p.A.), which is in line with the Italian insurance market.

As regards the other types of premium, it should be noted that the decrease in premium income is much smaller and, in particular, business relating to investment" products, placed exclusively by Eurovita S.p.A., was largely stable, decreasing by 4.7%.

Finally, it should be noted that indirect business premiums decreased by 11%, due to the fact that Eurovita S.p.A., as of 1 January 2009, no longer reinsures new business written by ERGO Insurance N.V. België (formerly Hamburg-Mannheimer). The treaty remains in force only for annual renewals.

1.1.2 Earned premiums ceded to reinsurers

(Amounts in Euro thousand)

	31/12/20	31/12/19
Eurovita S.p.A.	**13.979**	29.574
Pramerica Life S.p.A.	**813**	-
Total	**14.793**	**29.574**

Premiums ceded decreased by 50.0% overall, due to the decrease in premiums of subsequent years ceded in treaties relating to pre-2001 business from the network of the former Ergo Previdenza.

As the table shows, the contribution of Pramerica Life S.p.A. to the overall figure is quite marginal. In fact, premiums ceded for the period amounted to €640,000 for the Life business and €173,000 for the Non-life business. The main reinsurers with which the Company deals are RGA, active in both business lines, and Swiss Re and Hannover Re, which instead operate exclusively in the Life segment.

The result of the ceded technical account is analysed below, including the change in technical provisions, sums paid, profit sharing, and fees paid by reinsurers on the amount of premiums ceded (amounts in thousands of euro):

(Amounts in Euro thousand)

	Value at 31/12/2020	Value at 31/12/2019	Change
Premiums earned ceded	**-14.792**	-29.574	14.782
Amounts paid borne by reinsurers	**434.706**	502.036	-67.330
Change in technical provisions ceded	**-412.750**	-456.841	44.091
Commissions received from reinsurers	**984**	4.061	-3.077
Profit sharing and other technical charges / income	**593**	2.831	-2.238
Interest expense	**-14.210**	-29.456	15.246
Technical result ceded	**-5.469**	**-6.943**	**1.474**

The technical account recorded a loss of €5.47 million, an improvement of €1.47 million compared with the previous year. This performance is due to the combined effect of lower amounts paid by reinsurers, offset by the reduced impact of the change in technical provisions and lower premiums ceded. The decrease in interest expense on deposits (€15.25 million compared with the end of 2019) due to the general reduction in reinsured business, which resulted in a significant decrease in deposits, was also an important factor.

For the sake of completeness, it should be noted that, unlike the 2019 figures, the 2020 ceded result includes the values of Pramerica Life S.p.A., which have a marginal impact on the overall result (-€0.6 million at 31 December 2020).

2. Commission income

Commission income, all of which related to the subsidiary Eurovita S.p.A., amounted to €125,430,000, a significant decrease compared with the end of the previous year (€99,843,000). This change is almost entirely due to the reclassification of rebates on investment products, amounting to €30,803,000, which until the end of 2019 were included in item “1.6 – Other revenues”.

The decrease in the other components of the item is due to the slowdown in business and the reduction in the assets under management recorded during 2020 on products classified as investment products under IFRS 4.

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

(Amounts in Euro thousand)

	31/12/20	31/12/19
Premium charges	**4.193**	172
DIR	**580**	1.238
Rebates	**30.803**	-
Management Fees	**89.855**	98.433
Total	**125.430**	**99.843**

3. Net income deriving from financial instruments measured at fair value through profit or loss

(Amounts in Euro thousand)

	31/12/20	31/12/19
Net income from financial instruments at fair value through profit or loss	**9.854**	14.118
Total	**9.854**	**14.118**

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

For the sake of completeness, it should be noted that the category of investments designated at fair value to cover provisions whose risk is borne by policyholders amounted to €241,663,000, benefiting from the positive performance of markets in which the portfolio assets of the unit-linked external and internal funds are invested, although it is significantly lower than the financial result recorded in the previous year (€838,841,000), mainly due to the negative performance of markets in the first half of the year due to the financial crisis related to the Covid-19 pandemic.

“Assets held for trading” generated a gain of €3,258,000 (compared with a loss of €475,000 in the previous year).

Income from investments in the category “Financial assets measured at fair value through profit or loss” is detailed in the following table, which also shows the corresponding values for the previous financial year:

(Amounts in Euro thousand)

	31/12/20					31/12/19				
Income from Investments	Interest income	Other income	Gains realized	Valuation gains	Total	Interest income	Other income	Gains realized	Valuation gains	Total
Held for trading	**-**	**222**	**474**	**2.764**	**3.460**	-	273	-	4.909	5.183
Designate a Fair Value	**8.999**	**0**	**68.827**	**447.851**	**525.677**	10.973	26	215.325	638.637	864.961
Restatement of financial products	**-**	**-235.067**	**-**	**-**	**-235.067**	-	-824.248	-	-	-824.248
Total Income from financial instruments at fair value through profit or loss	**8.999**	**-234.845**	**69.301**	**450.615**	**294.070**	**10.973**	**-823.949**	**215.325**	**643.546**	**45.896**

	31/12/19					31/12/18				
Oneri da investimenti	Interest income	Other income	Gains realized	Valuation gains	Total	Interest income	Other income	Gains realized	Valuation gains	Total
Held for trading	**-**	**-**	**-66**	**-136**	**-202**	-	-	-	-5.658	-5.658
Designate a Fair Value	**-**	**-15.963**	**-181.368**	**-86.683**	**-284.014**	-	-14.281	-4.474	-7.365	-26.120
Restatement of financial products	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Total Expenses from financial instruments at fair value through profit or loss	**-**	**-15.963**	**-181.433**	**-86.819**	**-284.215**	**-**	**-14.281**	**-4.474**	**-13.023**	**-31.778**

4. Income from other financial instruments and investment property

Income from investments in the categories “Available-for-sale financial assets” and “Loans and receivables” are detailed in the following table. In order to better understand the changes that took place between the two periods, the contribution made by Pramerica Life S.p.A. to the 2020 result is shown separately.

(Amounts in Euro thousand)

	31/12/2020 (perimetro 2019)		31/12/2020 (Pramerica Life S.p.A.)		Total 31/12/2020		31/12/19	
	Avalaible for sale	Loans and receivables	Avalaible for sale	Loans and receivables	Avalaible for sale	Loans and receivables	Avalaible for sale	Loans and receivables
Interest income	132.362	15.921	21.292	591	153.654	16.512	112.538	9.577
Other income	25.338	-	-	-	25.338	-	38.603	-
Gains realized	62.800	-	206	-	63.006	-	39.932	-
Valuation gains	-	-	-	-	-	-	-	-
Total Income from other financial instruments and land and buildings (investment properties)	**220.500**	**15.921**	**21.498**	**591**	**241.998**	**16.512**	**191.074**	**9.577**

As shown in the above tables, ordinary income in the categories “Available-for-sale financial assets” and “Loans and receivables” increased compared with the previous financial year.

This positive trend was mainly due to an increase in the average number of investments, which also benefited from the inclusion of assets relating to the subsidiary Pramerica Life S.p.A. Gains on disposals remained substantial (€63,006,000), an increase on the previous year (€39,932,000), mainly due to the partial consolidation of accumulated income.

1.6 Other revenues

The following table sets out details by revenue category:

(Amounts in Euro thousand)

	31/12/20	31/12/19
Other technical income	**22.114**	52.138
Withdrawals from provisions	**6.928**	4.610
Contingent assets	**3.007**	3.218
Other revenues	**1.998**	88.142
Total	**34.047**	**148.108**

Other technical income of €22,114,000 (€52,138,000 at 31 December 2019) mainly includes management fees retroceded by managers of mutual funds included in investments for the benefit of policyholders. This significant decrease was due to the reclassification of commission rebates relating to the Class D portfolio managed by external asset managers to item 1.2 Commission income, in the amount of €30,803,000.

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

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*" can be broken down as follows:

(Amounts in Euro thousand)

	31/12/20	31/12/19
Eurovita S.p.A.	**2.422**	3.148
Eurovita Holding S.p.A.	**70**	42
Agenzia Eurovita S.r.l.	**380**	28
Pramerica Life S.p.A.	**130**	-
Pramerica Marketing S.r.l.	**4**	-
Total	**3.007**	**3.218**

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

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

(Amounts in Euro thousand)

	31/12/20	31/12/19
Eurovita S.p.A.	**1.353**	3.181
Eurovita Holding S.p.A.	**17**	84.960
Agenzia Eurovita S.r.l.	**151**	-
Pramerica Life S.p.A.	**449**	-
Pramerica Marketing S.r.l.	**28**	-
Total	**1.998**	**88.141**

This significant change compared with the end of financial year 2019 relates to the recognition of a bargain purchase gain of €85.0 million calculated as the difference between the fair value of assets acquired and the price paid for the acquisition of Pramerica Life S.p.A.

2.1 Net claims-related expenses

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

(Amounts in Euro thousand)

	31/12/20	31/12/19
Claims paid and change in insurance provisions	**1.403.982**	2.065.394
Reinsurers' share	**-22.016**	-45.195
Total Net insurance benefits and claims	**1.381.967**	**2.020.199**

The breakdown of claims-related expenses, with an indication of the amounts paid, recoveries, and changes in provisions for each type thereof, separately for gross amounts and amounts borne by reinsurers, also setting out the corresponding value for the previous period, is provided in a specific annex.

The €638,232,000 change compared with the previous year mainly reflects the decrease in net technical provisions due to the decline in net premium income caused by the Covid-19 pandemic. This resulted in a decrease in new business and an increase in deaths and redemptions, also due to the economic crisis. Redemptions also increased due to the launch of the Liquidity Bonus campaign.

2.2 Commission expense

Commission expense shows the following balance:

(Amounts in Euro thousand)

	31/12/20	31/12/19
Commission expense	**90.289**	99.990
Total	**90.289**	**99.990**

This item includes commissions paid to the sales network, essentially on Unit-Linked products. The decrease was mainly due to the decrease in maintenance costs of €9,868,000 as a result of policyholders' decision to progressively allocate Class D assets linked to external funds to investment lines that are less costly in terms of premium charges, of which €5,891,000 was due to the timely allocation to item 2.6 "Other costs" of the part of the Class III portfolio classified as Insurance during the current year. The deferred costs remain essentially in line with the previous year.

2.4 Expenses deriving from other financial instruments and investment property

Investment expenses in the categories "Available-for-sale financial assets" and "Financial liabilities" are detailed in the following tables. To better understand the changes that took place between the two periods, the contribution made by Pramerica Life S.p.A. to the 2020 result is shown separately.

(Amounts in Euro thousand)

	31/12/2020 (perimetro 2019)		31/12/2020 (Pramerica Life S.p.A.)		Totale 31/12/2020		31/12/19	
	Avalaible for sale	Loans and receivables	Avalaible for sale	Loans and receivables	Avalaible for sale	Loans and receivables	Avalaible for sale	Loans and receivables
Interest expense	-	21.842	-	1	-	21.843	-	34.429
Other charges	-	-	-	-	-	-	-	-
Realized losses	38.309	-	14	-	38.323	-	13.498	-
Valuation losses	6.546	-	-	-	6.546	-	6.075	-
Total Expenses from other financial instruments and land and buildings (investment properties)	**44.855**	**21.842**	**14**	**1**	**44.869**	**21.843**	**19.573**	**34.429**

Interest expense mainly refers to interest on deposits from reinsurers of €14,209,000 and interest expense relating to subordinated loans of €7,632,000. The latter increased by €2,659,000 compared with the previous year due to the increase in the issue of a subordinated loan by another €50,000,000.

The reduced interest charges linked to deposits from reinsurers followed the slowing trend in amounts received from counterparties for the direct portfolio being reinsured.

Losses on disposals (net of the related gains shown above) of €38,323,000 (€13,498,000 in 2019) are an integral part of the results of the optimisation strategies for the ALM structure implemented during the year (mainly bonds).

Valuation losses amounted to €6,546,000 due to final write-downs resulting from impairment testing recognised on equity investments in Italian credit institutions amounting to €3,410,000 and units of Alternative Investment Funds (AIF) in the amount of €3,136,000; in the previous financial year, impairment testing identified impairment of €6,075,000.

A further breakdown of financial expenses and investments by type, with an indication of the corresponding value for the previous financial year, is provided in the mandatory IVASS annexes.

2.5 Operating expenses

Costs and other acquisition expenses on insurance contracts, investment management expenses, and other administrative expenses are detailed in the following table: Specifically, a comparison between the two years on a 2019 like-for-like basis is given first, followed by a summary table for 2020, showing the contribution of Pramerica Life S.p.A. and Pramerica Marketing S.r.l.:

(Amounts in Euro thousand)

	31/12/2020 (consolidation scope 2019)	31/12/19
Acquisition commissions	**11.422**	25.686
Other acquisition costs	**32.554**	20.507
Change in deferred acquisition costs	**4.472**	-6.021
Commissions for collections	**2.134**	3.710
Commissions and equity investments for gains ceded	**-1.500**	-6.892
Total commissions and other acquisition costs	***49.082***	***36.990***
Investment management expenses	**12.842**	11.960
Other administration costs	**29.814**	25.436
Total Acquisition and administration costs	**91.738**	**74.386**

(Amounts in Euro thousand)

	31/12/2020 Pram Life/Pram Mkt	31/12/2020 (consolidation scope 2019)	Total amount at 31/12/2020
Acquisition commissions	**3.906**	**11.422**	15.328
Other acquisition costs	**4.231**	**32.554**	36.784
Change in deferred acquisition costs	**-402**	**4.472**	4.070
Commissions for collections	**-**	**2.134**	2.134
Commissions and equity investments for gains ceded	**-78**	**-1.500**	-1.578
Total commissions and other acquisition costs	***7.657***	***49.082***	***56.739***
Investment management expenses	**289**	**12.842**	13.131
Other administration costs	**13.791**	**29.814**	43.605
Total Acquisition and administration costs	**21.737**	**91.738**	**113.475**

The increase compared with the previous year from €74,386,000 to €113,475,000 is mainly due to:

— overhead expenses of €21,737,000 for Pramerica Life S.p.A. and Pramerica Marketing S.r.l. for 2020, not included in the scope of the previous year;

— a €9,787,000 increase of in costs incurred due to the closure of the agency channel and a €4,000,000 increase in costs for goodwill arising from new commercial partnerships;

— higher DAC amortisation of €10,493,000; and

— a €5,392,000 decrease of in commissions received from reinsurers, in line with the decrease in premiums ceded in reinsurance.

The breakdown of insurance operating expenses for the Life and Non-life businesses, by type of expense, also setting out the corresponding value for the previous year, is provided in a specific annex.

2.6 Other costs

The following table provides the breakdown by cost category:

(Amounts in Euro thousand)

	31/12/20	31/12/19
Other technical charges	**61.682**	55.741
Provisions to reserves	**6.174**	1.441
Losses on receivables	**5.723**	1.951
Contingent liabilities	**599**	1.730
Depreciation and amort. of fixed assets	**1.125**	1.317
Amortization of Value in force	**55.957**	34.579
Other costs	**4.079**	1.959
Total	**135.338**	**98.717**

The breakdown of the item by company is summarised in the following table:

(Amounts in Euro thousand)

	31/12/20	31/12/19
Eurovita S.p.A.	**82.039**	75.610
Agenzia Eurovita S.r.l.	**566**	156
Eurovita Holding S.p.A.	**46.404**	22.951
Pramerica Life S.p.A.	**6.256**	-
Pramerica Marketing S.r.l.	**73**	-
Total	**135.338**	**98.717**

The “Other costs” item, amounting to €135,338,000, shows a significant increase compared with the end of the previous year. This increase is mainly due to the following factors:

- greater total amortisation of the Value in Force of €21,378,000. This increase is due to the combined effect of the lower amortisation of the Value in Force of the former Old Mutual Wealth Italy S.p.A. (down €2,159,000 compared with 31 December 2019) and higher amortisation of the Value in Force of the former Ergo Previdenza S.p.A. (up €18,930,000 compared with 2019) and amortisation of the Value in Force of the subsidiary Pramerica Life S.p.A. totalling €4,607,000 (value not present in the previous year);
- an increase in the “Other technical expenses” item of €5,941,000, mainly due to the difference in the scope of consolidation (other technical expenses for 2020 attributable to the subsidiary Pramerica Life S.p.A. amounted to €5,156,000);
- an increase in provisions, mainly attributable to the subsidiary Eurovita S.p.A., relating to provisions for future risks and charges of €6,052,000, including €5,400,000 of provisions for disputes with clients.

3. Taxes

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

(Amounts in Euro thousand)

	31/12/20
Eurovita Holding S.p.A.	-
Agenzia Eurovita S.r.l.	159
Eurovita S.p.A.	-5.727
Pramerica Life S.p.A.	1.457
Pramerica Marketing S.r.l.	46
Total	**-4.064**

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

(Amounts in Euro thousand)

	31/12/20
Eurovita Holding S.p.A.	-14.929
Agenzia Eurovita S.r.l.	-
Eurovita S.p.A.	3.594
Pramerica Life S.p.A.	-567
Pramerica Marketing S.r.l.	-8
Total	**-11.911**

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

For the sake of completeness, it should be noted that Pramerica Life S.p.A. and Pramerica Marketing S.r.l. are also part of a national tax consolidation scheme pursuant to Legislative Decree No. 344 of 12 December 2003 and therefore the insurance company will fulfil the obligations associated with the IRES return and payment as the consolidating company.

The economic and financial relationships under the national tax consolidation scheme are regulated by specific agreements between Eurovita Holding S.p.A. and its subsidiaries and between Pramerica Life S.p.A. and the subsidiary Pramerica Marketing S.r.l..

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

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

(Amounts in Euro thousand)

	Agenzia Eurovita Srl	Eurovita SpA	Eurovita Holding SpA	Pramerica Life S.p.A.	Pramerica Marketing S.r.l.	Tax effect arising from consolidated adj	Total at 31/12/2020
Theoretical rate	**27,90%**	**30,82%**	**29,57%**	**30,82%**	**27,90%**	**30,82%**	
Profit for the year before taxation	**612**	**13.367**	**-6.543**	**3.787**	**26**	**-55.813**	**-44.563**
Theoretical tax burden	**171**	**4.120**	**-1.935**	**1.167**	**7**	**-17.202**	**-13.671**
Non-deductible costs for tax purposes	1	2.414	349	470	5		3.239
Non-taxable income	-14	-1.109	-61	-911	-26		-2.120
Use of tax losses carried forward	-	-	-	-	-		-
Other local taxes	-	182		-180	24		26
Alignment financial securities for tax purposes	-	59	-	-	-		59
Other adjustments	-	8.937	-374	345	28		8.936
Amortization of Value in force OMWI	-	3.368	-	-	-		3.368
Amortization of Value in force EVA	-	-15.812	-	-	-		-15.812
Tax burden	**159**	**2.159**	**-2.020**	**891**	**38**	**-17.202**	**-15.976**
Actual rate	**25,90%**	**16,15%**	**30,88%**	**23,53%**	**147,99%**	**30,82%**	**35,85%**
CURRENT TAXATION	159	-5.727	-	1.457	46	-	-4.064
DEFERRED TAXATION	-	7.887	-2.020	-567	-8	-17.202	-11.911
EXTRAORDINARY ITEMS FOR TAX PURPOSES	2		-872	-	-		-870
TOTAL TAXATION	**161**	**2.159**	**-2.892**	**891**	**38**	**-17.202**	**-16.845**

Other information

Compensation paid to Directors and Statutory Auditors

For the companies within the Group's scope of consolidation at 31 December 2020, compensation for Directors amounted to €460,000, net of expenses and VAT, while compensation for Statutory Auditors amounted to €327,000, net of expenses and VAT.

Compensation paid to the Independent Auditor

Pursuant to Article 149-*duodecies*, paragraph 2, of the Regulation for Issuers of Consob (Consob = the Italian stock exchange supervisory authority), it should be noted that compensation for the year for the provision of auditing services (assigned to the company KPMG S.p.A.) totalled €29,000 for the parent company Eurovita Holding S.p.A., €381,000 for the subsidiary Eurovita S.p.A., €145,000 for the subsidiary Pramerica Life S.p.A. and €23,000 for the subsidiary Agenzia Eurovita S.r.l., while compensation for the provision of certification services amounted to €562,000 for Eurovita S.p.A., €17,000 for Pramerica Life S.p.A., €2,000 for Eurovita Holding S.p.A. and €2,000 for Agenzia Eurovita S.r.l.

It should also be noted that during 2020 the total amount of fees for services other than auditing (assigned to KPMG S.p.A.) was €250,000.

With regard to Pramerica Marketing S.r.l., auditing expenses amounted to €3,000, and related to fees due to BDO Italia S.p.A. for the statutory audit of the first quarter and periodic audits pursuant to Article 14 of Legislative Decree No. 39 of 39/2010.

Information on employees

The total number of workers employed by the Group Companies at 31 December 2020 was as follows:

	31/12/20	31/12/19
Number of employees with the Group		
Managers	**16**	20
Middle-managers and office workers	**263**	304
Total	**279**	**324**

with the following breakdown by individual entity:

	31/12/20	31/12/19
Number of employees with the Group		
Eurovita S.p.A.	**228**	225
Eurovita Holding S.p.A.	**8**	9
Pramerica Life S.p.A.	**43**	90
Total	**279**	**324**

Group solvency

Mandatory information regarding compliance with Solvency Capital Requirements by the Group's insurance companies, in particular the Solvency Capital Requirement and Minimum Capital Requirement, as well as the eligible amount of Own Funds to cover the above requirements classified by tier, is shown below:

It should be noted that the values below represent the best estimate for the 2020 Solvency II annual closing, as the deadline for sending these data to IVASS is 8 April 2021. The values are higher than those set out in the RAF.

Eurovita S.p.A. - Eligible and available Own Funds to cover SCR	**Own funds available**	**Eligibility adjustments**	**Own funds eligible**
Tier 1 unrestricted	574.297.243	-	574.297.243
Tier 1 restricted	-	-	-
Tier 2	171.762.898	-	171.762.898
Tier 3	-	-	-
Total OF	**746.060.142**	**-**	**746.060.142**
Total SCR			**424.733.773**
SCR Ratio			**175,7%**

Eurovita S.p.A. - Eligible and available Own Funds to cover MCR	**Own funds available**	**Eligibility adjustments**	**Own funds eligible**
Tier 1 unrestricted	574.297.243	-	574.297.243
Tier 1 restricted	-	-	-
Tier 2	171.762.898	133.536.859	38.226.040
Tier 3	-	-	-
Total OF	**746.060.142**	**133.536.859**	**612.523.283**
Total MCR			**191.130.198**
MCR Ratio			**320,5%**

Pramerica Life S.p.A. - Eligible and available Own Funds to cover SCR	Own funds available	Eligibility adjustments	Own funds eligible
Tier 1 unrestricted	132.568.402	-	132.568.402
Tier 1 restricted	-	-	-
Tier 2	11.362.052	-	11.362.052
Tier 3	-	-	-
Total OF	**143.930.453**	**-**	**143.930.453**
Total MCR			**35.842.176**
SCR Ratio			**401,6%**

Pramerica Life S.p.A. - Eligible and available Own Funds to cover MCR	Own funds available	Eligibility adjustments	Own funds eligible
Tier 1 unrestricted	132.568.402	-	132.568.402
Tier 1 restricted	-	-	-
Tier 2	11.362.052	8.136.256	3.225.796
Tier 3	-	-	-
Total OF	**143.930.453**	**8.136.256**	**135.794.198**
Total MCR			**16.128.979**
MCR Ratio			**841,9%**

Based on the data in the above tables, which show a Solvency Ratio of 175.7% for Eurovita S.p.A. and 401.6% for Pramerica Life S.p.A., the projections for the Group's annual closing are as follows:

(Millions of Euro)

	Own Funds	SCR	Solvency Ratio
Eurovita Group Annual 2020	738	429	172%

Subsequent events

These financial statements were prepared on a going concern basis because, in the Directors' opinion, the uncertainties related to the continuation of the Covid-19 health emergency are currently not such as to raise doubts regarding this assumption, whether considered individually or as a whole.

At the Group level, all this may affect decisions relating to financial investments and the operations of financial management, designed to maintain a correct risk/return profile for the portfolio and with the fundamental aim of managing trends in the Solvency Ratio in compliance with the Company and Group Capital Policy.

In addition to the health crisis, there was a governmental crisis in the second half of January that began with the formal resignation of two Italia Viva ministers from the executive, triggering a situation of tension and cross-vetos that caused the Prime Minister, Giuseppe Conte, to surrender his mandate to the President of the Republic on 26 January 2021.

When the consultation process and exploratory mandates had ended, the President granted Mario Draghi a mandate to form a new executive which, on completion of the legal formalities, officially took office on 13 February 2021, putting an end to weeks of deadlock and uncertainty in the corridors of power.

It should be noted, however, that neither the pandemic crisis nor the short-lived political crisis had a significant impact on the Company's operations and that at the time of writing this document it does not expect to make any adjustments.

No other event occurring after 31.12.2020 has been such as to render the current financial position substantially different from that of the statement of financial position at that date or to require adjustments or additional notes to the financial statements.

Milan, 26 March 2021

FOR THE BOARD OF DIRECTORS

Chief Executive Officer

Erik STATTIN

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 2020	DEC 2019	DEC 2020	DEC 2019	DEC 2020	DEC 2019	DEC 2020	DEC 2019	DEC 2020	DEC 2019
1	**INTANGIBLE ASSETS**	**0**	**0**	**81.031.573**	**92.792.083**	**123.734.411**	**169.125.661**	**0**	**0**	**204.765.984**	**261.917.744**
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	58.981.275	70.741.785	123.734.411	169.125.661	0	0	182.715.687	239.867.446
2	**TANGIBLE ASSETS**	**0**	**0**	**19.378.532**	**24.381.956**	**73.165**	**153.643**	**0**	**0**	**19.451.698**	**24.535.599**
2.1	Land and buildings (self used)	0	0	18.635.722	23.324.033	0	0	0	0	18.635.722	23.324.033
2.2	Other tangible assets	0	0	742.810	1.057.923	73.165	153.643	0	0	815.976	1.211.566
3	**AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS**	**386.860**	**385.975**	**358.093.442**	**770.889.358**	**0**	**0**	**0**	**0**	**358.480.302**	**771.275.333**
4	**INVESTMENTS**	**0**	**2.888.137**	**19.446.247.919**	**19.316.680.867**	**-14.036.190**	**-9.996.329**	**-11.362.052**	**-11.742.545**	**19.420.849.677**	**19.297.830.130**
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	28.842.158	-28.842.158	-28.842.158	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	613.101.809	737.270.034	14.805.968	18.845.829	-11.362.052	-11.742.545	616.545.725	744.373.318
4.5	Available for sale financial assets	0	2.888.137	12.000.568.609	11.676.519.404	0	0	0	0	12.000.568.609	11.679.407.541
4.6	Financial assets at fair value through profit or loss	0	0	6.803.735.343	6.874.049.270	0	0	0	0	6.803.735.343	6.874.049.270
5	**RECEIVABLES**	**30.295**	**26.419**	**104.564.024**	**111.705.338**	**29.487.091**	**45.431.441**	**-48.571.460**	**-44.662.546**	**85.509.950**	**112.500.652**
5.1	Receivables arising out of direct insurance operations	14.461	4.322	30.520.962	46.467.625	67	67	0	395.538	30.535.491	46.867.552
5.2	Receivables arising out of reinsurance operations	0	0	3.664.235	3.576.045	0	0	0	0	3.664.235	3.576.045
5.3	Other receivables	15.834	22.097	70.378.827	61.661.669	29.487.024	45.431.374	-48.571.460	-45.058.084	51.310.225	62.057.056
6	**OTHER ASSETS**	**107.040**	**56.472**	**448.583.436**	**481.018.240**	**6.308.495**	**266.974**	**-399.845**	**0**	**454.599.126**	**481.341.686**
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	49.827.369	53.897.117	0	0	0	0	49.827.369	53.897.117
6.3	Deferred tax assets	107.040	49.512	-6.135.862	-177.007	6.028.821	127.495	0	0	0	0
6.4	Tax receivables	0	0	297.312.612	325.040.991	34.802	59.157	0	0	297.347.414	325.100.148
6.5	Other assets	0	6.960	107.579.317	102.257.140	244.871	80.322	-399.845	0	107.424.343	102.344.421
7	**CASH AND CASH EQUIVALENTS**	**4.069.739**	**774.260**	**23.088.791**	**60.991.086**	**1.216.685**	**1.439.093**	**0**	**0**	**28.375.215**	**63.204.438**
	TOTAL ASSETS	**4.593.935**	**4.131.263**	**20.480.987.716**	**20.858.458.928**	**146.783.657**	**206.420.483**	**-60.333.357**	**-56.405.091**	**20.572.031.952**	**21.012.605.582**
1	**SHAREHOLDERS' EQUITY**	**2.959.098**	**2.706.504**	**582.625.252**	**637.185.480**	**-62.997.284**	**-27.675.652**	**0**	**0**	**522.587.066**	**612.216.331**
2	**OTHER PROVISIONS**	**0**	**0**	**23.654.131**	**21.276.590**	**151.988**	**201.988**	**-4.957.317**	**-5.134.875**	**18.848.802**	**16.343.703**
3	**INSURANCE PROVISIONS**	**1.063.192**	**1.157.585**	**12.912.647.634**	**12.308.293.168**	**9.651.756**	**12.303.007**	**0**	**0**	**12.923.362.583**	**12.321.753.760**
4	**FINANCIAL LIABILITIES**	**0**	**0**	**6.655.490.975**	**7.555.435.571**	**0**	**0**	**-11.362.052**	**-11.362.052**	**6.644.128.923**	**7.544.073.519**
4.1	Financial liabilities at fair value through profit or loss	0	0	6.270.248.292	6.808.155.866	0	0	0	0	6.270.248.292	6.808.155.866
4.2	Other financial liabilities	0	0	385.242.683	747.279.705	0	0	-11.362.052	-11.362.052	373.880.631	735.917.653
5	**PAYABLES**	**345.726**	**267.174**	**166.959.415**	**169.897.791**	**151.557.052**	**148.033.738**	**-43.614.143**	**-39.908.164**	**275.248.051**	**278.290.539**
5.1	Payables arising out of direct insurance operations	172.065	18.547	30.280.445	34.132.844	0	0	-1.044.187	-1.365.535	29.408.323	32.785.856
5.2	Payables arising out of reinsurance operations	124.545	98.681	69.934.882	76.642.648	0	0	0	0	70.059.427	76.741.329
5.3	Other payables	49.117	149.946	66.744.088	59.122.299	151.557.052	148.033.738	-42.569.956	-38.542.629	175.780.301	168.763.354
6	**OTHER LIABILITIES**	**225.918**	**0**	**139.610.308**	**166.370.328**	**48.420.144**	**73.557.401**	**-399.845**	**0**	**187.856.526**	**239.927.730**
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	36.402.112	65.113.712	45.832.565	54.415.499	0	0	82.234.677	119.529.212
6.3	Tax payables	0	0	48.347.573	49.913.435	161.993	17.277.117	0	0	48.509.565	67.190.552
6.4	Other liabilities	225.918	0	54.860.624	51.343.182	2.425.586	1.864.785	-399.845	0	57.112.284	53.207.967
	TOTAL EQUITY AND LIABILITIES	**4.593.935**	**4.131.263**	**20.480.987.716**	**20.858.458.928**	**146.783.657**	**206.420.483**	**-60.333.357**	**-56.405.091**	**20.572.031.952**	**21.012.605.582**

INCOME STATEMENT BY ACTIVITY SECTOR

(Amounts in Euros)

		NON-LIFE CLASSES		LIFE CLASSES		OTHER		INTER-SECTOR ELIMINATIONS		TOTAL	
		DEC 2020	DEC 2019	DEC 2020	DEC 2019	DEC 2020	DEC 2019	DEC 2020	DEC 2019	DEC 2020	DEC 2019
1.1	Net earned premiums	649.135	0	1.314.725.217	1.974.144.946	0	0	0	0	1.315.374.352	1.974.144.946
1.1.1	*Gross earned premiums*	822.085	0	1.329.345.040	2.003.718.893	0	0	0	0	1.330.167.125	2.003.718.893
1.1.2	*Earned premiums ceded*	-172.950	0	-14.619.823	-29.573.947	0	0	0	0	-14.792.773	-29.573.947
1.2	Fee and commission income and income from financial service activities	0	0	125.430.155	99.842.690	0	0	0	0	125.430.155	99.842.690
1.3	Net income from financial instruments at fair value through profit or loss	0	0	9.854.401	14.117.727	0	0	0	0	9.854.401	14.117.727
1.4	Income from subsidiaries, associated companies and joint ventures	0	0	7.705	0	-7.705	0	0	0	0	0
1.5	Income from other financial instruments and land and buildings (investment properties)	217.286	0	298.167.337	260.435.180	-39.078.792	-59.784.021	-795.344	0	258.510.487	200.651.159
1.5.1	*Interest income*	43.354	0	198.641.109	173.072.004	-27.722.914	-50.956.611	-795.344	0	170.166.206	122.115.393
1.5.2	*Other income*	0	0	25.338.385	38.603.411	0	0	0	0	25.338.385	38.603.411
1.5.3	*Realized gains*	173.932	0	74.187.843	48.759.765	-11.355.879	-8.827.410	0	0	63.005.896	39.932.356
1.5.4	*Unrealized gains and reversal of impairment losses*	0	0	0	0	0	0	0	0	0	0
1.6	Other income	6.677	0	35.332.084	63.557.309	5.754.972	87.851.926	-7.046.825	-3.300.934	34.046.909	148.108.301
1	**TOTAL INCOME**	**873.098**	**0**	**1.783.516.899**	**2.412.097.853**	**-33.331.525**	**28.067.905**	**-7.842.169**	**-3.300.934**	**1.743.216.303**	**2.436.864.824**
2.1	Net insurance benefits and claims	-228.331	0	-1.411.160.224	-2.065.243.534	29.421.749	45.044.366	0	0	-1.381.966.806	-2.020.199.168
2.1.1	*Claims paid and change in insurance provisions*	-358.582	0	-1.433.045.515	-2.110.438.761	29.421.749	45.044.366	0	0	-1.403.982.348	-2.065.394.395
2.1.2	*Reinsurers' share*	130.251	0	21.885.291	45.195.227	0	0	0	0	22.015.542	45.195.227
2.2	Fee and commission expenses and expenses from financial service activities	0	0	-90.288.817	-99.989.652	0	0	0	0	-90.288.817	-99.989.652
2.3	Expenses from subsidiaries, associated companies and joint ventures	0	0	-19.745	0	19.745	0	0	0	0	0
2.4	Expenses from other financial instruments and land and buildings (investment properties)	0	0	-66.378.935	-52.362.905	-1.127.654	-1.639.290	795.344	0	-66.711.245	-54.002.195
2.4.1	*Interest expenses*	0	0	-22.637.919	-34.429.012	0	0	795.344	0	-21.842.576	-34.429.012
2.4.2	*Other expenses*	0	0	0	0	0	0	0	0	0	0
2.4.3	*Realized losses*	0	0	-37.195.200	-11.858.693	-1.127.654	-1.639.290	0	0	-38.322.854	-13.497.983
2.4.4	*Unrealized losses and impairment losses*	0	0	-6.545.816	-6.075.200	0	0	0	0	-6.545.816	-6.075.200
2.5	Acquisition and administration costs	-303.820	0	-110.573.360	-72.642.639	-9.644.855	-5.044.951	7.046.825	3.300.934	-113.475.209	-74.386.656
2.5.1	*Commissions and other acquisition costs*	-46.940	0	-58.712.570	-38.383.467	-592.158	0	2.612.343	1.392.996	-56.739.326	-36.990.471
2.5.2	*INVESTMENT MANAGEMENT EXPENSES*	0	0	-13.130.732	-11.959.978	-312	-115			-13.131.044	-11.960.094
2.5.3	*Other administration costs*	-256.880	0	-38.730.058	-22.299.194	-9.052.384	-5.044.836	4.434.482	1.907.939	-43.604.839	-25.436.091
2.6	Other expenses	-7.518	0	-88.287.384	-75.609.756	-47.042.739	-23.107.615	0	0	-135.337.641	-98.717.371
2	**TOTAL EXPENSES**	**-539.669**	**0**	**-1.766.708.465**	**-2.365.848.486**	**-28.373.753**	**15.252.510**	**7.842.169**	**3.300.934**	**-1.787.779.718**	**-2.347.295.041**
	EARNINGS BEFORE TAXES	**333.429**	**0**	**16.808.434**	**46.249.367**	**-61.705.278**	**43.320.415**	**0**	**0**	**-44.563.415**	**89.569.782**

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

				Summary of economic and financial data							
% 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	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

(Amounts in Euros)

	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	18.635.722	18.635.722
Other tangible assets	815.976	0	815.976
Other intangible assets	182.715.687	0	182.715.687

AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS

(Amounts in Euros)

	Direct business		Indirect business		Total Book value	
	DEC 2020	DEC 2019	DEC 2020	DEC 2019	DEC 2020	DEC 2019
Non-life amounts ceded to reinsurers from insurance provisions	**386.860**	**385.975**	**0**	**0**	**386.860**	**385.975**
Provisions for unearned premiums	33.287	78.310	0	0	33.287	78.310
Provisions for outstanding claims	353.573	307.665	0	0	353.573	307.665
Other insurance provisions	0	0	0	0	0	0
Life amounts ceded to reinsurers from insurance provisions	**352.191.692**	**762.062.370**	**5.901.749**	**8.826.989**	**358.093.442**	**770.889.358**
Mathematical provisions	215.914.405	629.068.450	4.495.205	7.603.099	220.409.610	636.671.549
Provisions for outstanding claims	136.038.483	132.746.287	1.406.544	1.223.890	137.445.027	133.970.176
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	238.804	247.633	0	0	238.804	247.633
Total Amounts ceded to reinsurers from insurance provisions	**352.578.553**	**762.448.344**	**5.901.749**	**8.826.989**	**358.480.302**	**771.275.333**

BREAKDOWN OF FINANCIAL ASSETS

(Amounts in Euros)

	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 2020	DEC 2019	DEC 2020	DEC 2019	DEC 2020	DEC 2019	DEC 2020	DEC 2019	DEC 2020	DEC 2019	DEC 2020	DEC 2019
Equities at cost	0	0			0	0	0	0	0	0	0	0
Equities at fair value	0	0			21.368.069	21.001.167	0	0	9.629.059	3.000.000	30.997.128	24.001.167
of which quoted equities	0	0			0	0	0	0	9.629.059	0	9.629.059	0
Bonds	0	0	529.494.767	645.364.609	10.618.316.443	10.339.977.097	7.946.829	9.908.136	81.945.684	85.729.029	11.237.703.724	11.080.978.871
of which quoted bonds	0	0	28.891.948	52.713.323	10.578.347.323	10.302.702.097	2.935.353	4.856.444	81.945.684	85.729.029	10.692.120.309	10.446.000.894
Investment fund units	0	0			1.360.884.097	1.318.429.277	0	0	6.634.939.888	6.701.666.216	7.995.823.985	8.020.095.493
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	72.698.012	74.521.466	0	0	0	0	0	0	72.698.012	74.521.466
Deposit components of reinsurance contracts	0	0			0	0	0	0	19.013.454	35.674.881	19.013.454	35.674.881
Other loans and receivables	0	0	14.352.946	24.487.243	0	0	0	0	0	0	14.352.946	24.487.243
Derivatives	0	0			0	0	8.073.200	5.559.050	0	0	8.073.200	5.559.050
Hedging derivatives	0	0			0	0	42.187.228	32.511.959	0	0	42.187.228	32.511.959
Other financial investments	0	0		0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**616.545.725**	**744.373.318**	**12.000.568.609**	**11.679.407.541**	**58.207.257**	**47.979.145**	**6.745.528.086**	**6.826.070.125**	**19.420.849.677**	**19.297.830.130**

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

(Amounts in Euros)

	Benefits linked to investment funds and market indexes		Benefit linked to the management of pension funds		Total	
	DEC 2020	DEC 2019	DEC 2020	DEC 2019	DEC 2020	DEC 2019
Assets	6.787.715.314	6.858.582.084			6.787.715.314	6.858.582.084
Intra-group assets (*)						
Total assets	**6.787.715.314**	**6.858.582.084**			**6.787.715.314**	**6.858.582.084**
Financial liabilities	6.131.930.299	6.704.697.999			6.131.930.299	6.704.697.999
Insurance provisions (**)	615.966.203	125.271.274			615.966.203	125.271.274
Intra-group liabilities (*)						
Total Liabilities	**6.747.896.502**	**6.829.969.274**			**6.747.896.502**	**6.829.969.274**

(*) 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

(Amounts in Euros)

	Direct business		Indirect business		Total Book value	
	DEC 2020	DEC 2019	DEC 2020	DEC 2019	DEC 2020	DEC 2019
Non-life insurance provisions	**1.063.192**	**1.157.585**	**0**	**0**	**1.063.192**	**1.157.585**
Provisions for unearned premiums	154.260	363.423	0	0	154.260	363.423
Provisions for outstanding claims	908.933	794.162	0	0	908.933	794.162
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	**12.847.878.581**	**12.244.595.227**	**74.420.810**	**76.000.948**	**12.922.299.391**	**12.320.596.175**
Provisions for outstanding claims	320.218.555	298.570.413	1.722.799	1.479.484	321.941.354	300.049.897
Mathematical provisions	10.136.487.922	10.703.878.787	72.698.011	74.521.464	10.209.185.933	10.778.400.251
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	615.966.203	125.271.274	0	0	615.966.203	125.271.274
Other insurance provisions	1.775.205.901	1.116.874.752	0	0	1.775.205.901	1.116.874.752
of which provisions for liability adequacy test	0	0	0	0	0	0
of which deferred policyholder liabilities	1.656.437.869	946.801.344	0	0	1.656.437.869	946.801.344
Total Insurance Provisions	**12.848.941.773**	**12.245.752.812**	**74.420.810**	**76.000.948**	**12.923.362.583**	**12.321.753.760**

DETTAGLIO DELLE PASSIVITÀ FINANZIARIE

(Amounts in Euros)

	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 2020	DEC 2019	DEC 2020	DEC 2019	DEC 2020	DEC 2019	DEC 2020	DEC 2019
Preference shares	0	0	0	0	0	0	0	0
Subordinated liabilities	0	0	0	0	158.779.265	110.338.233	158.779.265	110.338.233
Financial liabilities related to investment contracts issued by insurance companies	0	0	6.176.134.709	6.740.140.856	0	0	6.176.134.709	6.740.140.856
when the investment risk is borne by policyholders	0	0	6.176.134.709	6.740.140.856	0	0	6.176.134.709	6.740.140.856
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	215.101.366	625.059.420	215.101.366	625.059.420
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	0	0	0	0	0	0	0
Hedging derivatives	94.113.582	68.015.010	0	0	0	0	94.113.582	68.015.010
Other financial liabilities	0	0	0	0	0	520.000	0	520.000
Total	**94.113.582**	**68.015.010**	**6.176.134.709**	**6.740.140.856**	**373.880.631**	**735.917.653**	**6.644.128.923**	**7.544.073.519**

DETTAGLIO DELLE VOCI TECNICHE ASSICURATIVE

(Amounts in Euros)

		DEC 2020			DEC 2019		
		Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount
Non-life business							
NET EARNED PREMIUMS		822.085	172.950	649.135	0	0	0
a	Premiums WRITTEN	612.922	127.928	484.994	0	0	0
b	Change in the provisions for unearned premiums	209.163	45.023	164.141	0	0	0
NET INSURANCE BENEFITS AND CLAIMS		358.582	130.251	228.331	0	0	0
a	Claims paid	243.811	84.343	159.468	0	0	0
b	Change in the provisions for outstanding claims	114.771	45.908	68.862	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		1.329.345.040	14.619.823	1.314.725.217	2.003.718.893	29.573.947	1.974.144.946
NET INSURANCE BENEFITS AND CLAIMS		1.433.045.515	21.885.291	1.411.160.224	2.110.438.761	45.195.227	2.065.243.534
a	Claims paid	1.955.719.518	434.681.208	1.521.038.311	1.536.555.864	502.036.016	1.034.519.847
b	Change in the provisions for outstanding claims	21.307.916	3.474.851	17.833.065	53.946.915	28.330.296	25.616.620
c	Change in the mathematical provisions	-569.500.856	-416.261.938	-153.238.917	511.904.617	-485.160.322	997.064.939
d	Change in the provisions for policies where the investment risk is borne by the policyholders and in the provisions for pension funds	120.965.357	0	120.965.357	32.307.422		32.307.422
e	Change in other insurance provisions	-95.446.421	-8.830	-95.437.591	-24.276.057	-10.763	-24.265.294

INCOME AND EXPENSES FROM INVESTMENTS, RECEIVABLES AND PAYABLES

(Amounts in Euros)

	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 2020	Total income and expenses December 2019
							Unrealized gains	Reversal of impairment losses	Unrealized losses	Impairment losses			
Income and expenses from investments	**172.459.799**	**32.188.121**	**15.963.004**	**132.289.159**	**219.660.868**	**101.313.207**	**450.614.616**	**0**	**328.431.604**	**0**	**122.183.012**	**223.496.219**	**195.195.704**
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	16.512.261	0	0	0	0	16.512.261	0	0	0	0	0	16.512.261	9.576.911
e from available for sale financial assets	153.653.945	25.338.385	0	63.005.896	38.322.854	203.675.373	0	0	6.545.816	0	-6.545.816	197.129.557	171.501.066
f from financial assets held for trading	221.756	0	0	474.330	65.700	630.386	2.763.850	0	136.116	0	2.627.734	3.258.120	-475.323
g from financial assets designated as at fair value through profit or loss	2.071.837	6.849.735	15.963.004	68.808.933	181.272.314	-119.504.813	447.850.766	0	321.749.672	0	126.101.094	6.596.281	14.593.050
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	**-21.842.576**	**0**	**0**	**0**	**0**	**-21.842.576**	**0**	**0**	**0**	**0**	**0**	**-21.842.576**	**-34.429.012**
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	0
c from other financial liabilities	-21.842.576	0	0	0	0	-21.842.576	0	0	0	0	0	-21.842.576	-34.429.012
Income and expenses from payables	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	**150.617.223**	**32.188.121**	**15.963.004**	**132.289.159**	**219.660.868**	**79.470.631**	**450.614.616**	**0**	**328.431.604**	**0**	**122.183.012**	**201.653.643**	**160.766.692**

ACQUISITION AND ADMINISTRATION COSTS OF INSURANCE BUSINESS

(Amounts in Euros)

		Non-Life business		Life business	
		DEC 2020	DEC 2019	DEC 2020	DEC 2019
Commissions and other acquisition costs		46.940	-	60.289.982	45.275.601
a	Acquisition and administration commissions	46.798	-	17.547.697	28.471.800
b	Other acquisition costs	142	-	36.538.387	20.508.070
c	Change in deferred acquisition costs	-	-	4.069.747	-6.021.326
d	Collecting commissions	-	-	2.134.151	2.317.057
Commissions and profit commissions from reinsurers		-	-	-1.577.412	-6.892.134
Commissions and other acquisition costs net of commissions and profit commissions from reinsurers		-	-	13.130.732	11.959.978
Other administration costs		256.880	-	38.730.058	22.299.194
Total		**303.820**	**-**	**110.573.360**	**72.642.639**

DETAILS ON OTHER COMPREHENSIVE INCOME

(Amounts in Euros)

	Allocation		Transfer to profit and loss account		Other transfer		Total variation		Taxes		Amount	
	Total Year 2020	Total Year 2019	Total Year 2020	Total Year 2019	Total Year 2020	Total Year 2019	Total Year 2020	Total Year 2019	Total Year 2020	Total Year 2019	Total Year 2020	Total Year 2019
Items that may not be reclassified to profit and loss in future periord	**-68.536**	**-58.251**	**-**	**-**	**-**	**-**	**-68.536**	**-58.251**	**30.533**	**25.951**	**-154.578**	**-86.042**
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	-68.536	-58.251					-68.536	-58.251	30.533	25.951	-154.578	-86.042
Others		-						-				-
Items that may be reclassified to profit and loss in future periord	**-49.679.519**	**139.386.812**	**-12.162.554**	**542.780**	**-**	**-**	**-61.842.073**	**139.929.592**	**27.550.921**	**-62.339.260**	**29.145.498**	**90.987.571**
Reserve for currency transition differences		-						-				-
Net unrealized gains and losses on investments available for sale	-59.115.165	152.567.025	-12.162.554	542.780			-71.277.719	153.109.805	31.754.543	-68.211.104	29.494.398	100.755.038
Net unrealized gains and losses on hedging derivatives	9.435.646	-13.180.213					9.435.646	-13.180.213	-4.203.623	5.871.844	-348.900	-9.767.467
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	**-49.748.056**	**139.328.560**	**-12.162.554**	**542.780**	**-**	**-**	**-61.910.609**	**139.871.341**	**27.581.454**	**-62.313.309**	**28.990.919**	**90.901.529**

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 31/12/2020		Financial assets reclassified in 2020		Financial assets reclassified until 2020		Financial assets reclassified in 2020		Financial assets reclassified until 2020	
from	to			Financial assets reclassified in 2020	Financial assets reclassified until 2020	Financial assets reclassified in 2020	Financial assets reclassified until 2020	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

(Amounts in Euros)

		Level 1		Level 2		Level 3		Total	
		Year 2020	Year 2019	Year 2020	Year 2019	Year 2020	Year 2019	Year 2020	Year 2019
Financial assets and liabilities at fair value on a recurring basis									
Available for sale financial assets		10.935.386.074	10.952.180.829	250.564.810	100.616.293	814.617.725	626.610.419	12.000.568.609	11.679.407.541
Financial assets at fair value through profit or loss	Financial assets held for trading	-	-	58.207.257	47.979.145	-	-	58.207.257	47.979.145
	Financial assets designated at fair value through profit or loss	6.745.528.086	6.823.070.125	-	-	-	3.000.000	6.745.528.086	6.826.070.125
Investment properties		-	-		-			-	-
Tangible assets		-	-		-			-	-
Intangible assets		-	-		-	204.765.984	261.917.743	204.765.984	261.917.743
Total financial assets at fair value on a recurring basis		17.680.914.160	17.775.250.954	308.772.067	148.595.438	1.019.383.709	891.528.162	19.009.069.936	18.815.374.554
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading	-	-	-94.113.582	-68.015.010	-	-	-94.113.582	-68.015.010
	Financial liabilities designated at fair value through profit or loss	-6.176.134.709	-6.740.140.856		-	-	-	-6.176.134.709	-6.740.140.856
Total financial liabilities at fair value on a recurring basis		-6.176.134.709	-6.740.140.856	-94.113.582	-68.015.010	-	-	-6.270.248.292	-6.808.155.866
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

(Amounts in Euros)

	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	626.610.419	-	3.000.000	-	-	261.917.743	-	-
Purchases and issues	244.221.006	-	-	-	-	-	-	-
Disposals through sales and settlements	-82.545.475	-	-3.000.000	-	-	-	-	-
Pay-backs	-	-	-	-	-	-	-	-
Net gains and losses recognized in P&L	-8.953.691	-	-	-	-	-	-	-
- of which net unrealised gains and losse	-6.545.816	-	-	-	-	-	-	-
Net unrealised gains and losses recognized in OCI	-	-	-	-	-	-	-	-
Net transfers to Level 3	44.124.138	-	-	-	-	-	-	-
Net transfers out of Level 3	-	-	-	-	-	-	-	-
Other changes	-8.838.672	-	-	-	-	-57.151.759	-	-
Closing balance	**814.617.725**	**-**	**-**	**-**	**-**	**204.765.984**	**-**	**-**

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

(Amounts in Euros)

	Book value		Fair value							
			Level 1		Level 2		Level 3		Total	
Assets	Year 2020	Year 2019	Year 2020	Year 2019	Year 2020	Year 2019	Year 2020	Year 2019	Year 2020	Year 2019
Held to maturity investments	-	-	-	-	-	-	-	-	-	-
Loans and receivables	616.545.725	744.373.318	11.012.791	29.248.005	567.114.680	601.199.085	119.262.728	118.014.856	697.390.199	748.461.947
Investments in subsidiaries, associated companies and joint ventures	-	-	-	-	-	-	-	-	-	-
Land and buildings (investment properties)	-	-	-	-	-	-	-	-	-	-
Tangible assets	19.451.698	24.535.599	-	-	-	-	19.451.698	24.535.599	19.451.698	24.535.599
Total assets	**635.997.422**	**768.908.917**	**11.012.791**	**29.248.005**	**567.114.680**	**601.199.085**	**138.714.425**	**142.550.456**	**716.841.896**	**772.997.546**
Liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other liabilities	-373.880.631	-735.917.653	-	-	-	-	-373.880.631	-735.917.653	-373.880.631	-735.917.653

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