Consolidated financial statements
Report at 31 December 2021

Eurovita Holding S.p.A.

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Registered office and headquarters:

20123 Milan, Italy
Via Pampuri 13

Share capital €1,000,000
Fully paid up

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Eurovita Holding S.p.A.

Report on Operations

Dear Shareholders,

The financial statements at 31 December 2021 of the Eurovita Holding S.p.A. Group, which we submit for your approval, show a Group profit of €8.3 million, compared with a Group loss of €27.7 million in the previous year. The change mainly reflects the improved performance of the subsidiary Eurovita S.p.A. of €25.1 million the lower costs for technical provisions (LAT) of the former ERGO Previdenza by €15.2 million partially offset higher VIF amortisation charges of €4.7 million.

The most significant data to emerge from the end of financial year 2021 are shown in the following table:

Amounts in Euro thousand

	31 December 2021	31 December 2020
Gross earned premiums	1.023,8	1.330,2
Acquisition costs and admin. exp.	84,0	100,3
Net insurance benefits and claims	1.127,0	1.382,0
Gross earned premiums pertaining to the Life s	1.023,6	1.329,3
Acquisition costs and admin. exp. - Life	83,8	100,1
Impact on premiums	8,2%	7,5%
Change in net provisions - Life	1.127,0	494,8
Gross earned premiums pertaining to the Non-l	0,2	0,8
Acquisition costs and admin. exp. - Non-Life	0,1	0,3
Impact on premiums	63,8%	31,2%
Change in net provisions - Non-Life	0,0	-
Total financial income	330,5	268,4
Total financial charges	69,5	66,7
Investments	18.790,6	19.420,8
Capital and reserves of the Group (net Profit of	500,4	549,5
Net profit for the Group	8,3	- 27,7
Number of employees	252	279

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.

During 2017, the subsidiary Ergo Previdenza S.p.A. (hereinafter also "Ergo Previdenza") made two acquisitions. On 9 January 2017, subject to IVASS authorisation issued in the form of Order No. 0228541/16 of 7 December 2016, Ergo Previdenza acquired 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 in the form of 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 by incorporation 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:

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

On 20 June 2018, the company Eurovita Holding S.p.A acquired the equity interests 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 2020, the subsidiary Eurovita S.p.A. completed its acquisition of Pramerica Life S.p.A. from the Prudential Group. The transaction authorised by IVASS by Order No. 0281247/19 of 10 December 2020 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 on 29 May 2021, the subsidiary Eurovita S.p.A. took all necessary steps in July 2021 to prepare the documentation necessary to request authorisation, from IVASS, for the merger by incorporation of the investee company.

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

On 22 September 2021, the Shareholders' Meeting resolved on the merger by incorporation of Agenzia Eurovita S.r.l. into Eurovita Holding S.p.A, which took place on 30 November 2021 with accounting and tax effects backdated to 1 January 2021.

Lastly, it should be noted that on 24 June 2021, the Shareholders' Meeting of Eurovita Agenzia Marketing s.r.l., formerly Pramerica Marketing S.r.l., by deed of notary Laura Cavallotti, resident in Milan and registered with the Milan Society 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 recorded in the Milan Companies Register on the same date.

2. Overview of the economic situation

After a widespread slowdown in economic activity in the third quarter, at the end of last year there were signs of a return to a more sustained recovery in the U.S. and the other developed countries, in contrast with prolonged weakness in the emerging economies. However, the resurgence of the pandemic and persistent supply-side bottlenecks have presented downside risks to growth.
Inflation has risen further and almost everywhere, mainly reflecting the higher price of energy and intermediate inputs and the recovery in domestic demand. The Federal Reserve and the Bank of England have begun the process of monetary policy normalisation.

Gross domestic product in the euro area, on the other hand, declined sharply at the turn of the year due to another rise in infection rates and ongoing tensions over supply chains that have hindered manufacturing production. Inflation has reached its highest level since the start of monetary union, owing to exceptional rises in the energy component, particularly gas, which is also being affected by geopolitical factors in Europe. According to the projections of Eurosystem experts, inflation will progressively decrease during 2022, to 3.2% on average this year and to 1.8% in the two-year period 2023-24.

According to the Governing Council of the European Central Bank, the progress made in economic recovery and towards the medium-term inflation target will allow for a gradual reduction in the pace of financial asset purchases. The Council has also reiterated that monetary policy will remain expansionary and its management flexible and open to a range of options, according to how the macroeconomic situation evolves.

Italy's growth rate remained high in the third quarter of 2021, driven by rising household consumption. Subsequently, output slowed: according to Bank of Italy models, GDP growth is estimated at around half a percentage point in the fourth quarter. The increase in value added waned in both industry and services.

The renewed surge in infections and consequent deterioration in sentiment mainly affected expenditure on services. Businesses expect investment to decelerate this year, according to surveys conducted in November and December.

Italian exports continued to grow in the third quarter, supported by the recovery in international tourism. The current account surplus remained high, despite the deterioration of the energy balance, while the net foreign assets position increased.

The upturn in demand for employment since the summer has resulted in an increase in hours worked, a reduction in the use of wage integration mechanisms and a recovery in permanent employment. The removal of the ban on redundancies in all sectors has had no significant effects. The return to stagnating unemployment reflects the steady recovery in labour supply, which is close to pre-pandemic levels. The trend in contract renewals does not point to significant wage accelerations in 2022. Inflation has risen to high levels (4.2% in December), driven by energy prices. Excluding volatile components, annual price changes have remained moderate. Increases in production costs have so far only fed through to retail prices to a limited extent.

Financial market developments have been impacted by concerns over rising global infection levels, uncertainty over the severity of the Omicron variant and its implications for the economic recovery, and expectations regarding monetary policy direction. Market volatility and risk aversion among investors have increased, which, in the case of Italy, have caused a widening of the sovereign spread with respect to German government bonds.

In the autumn, the growth in loans to non-financial companies remained weak, reflecting the low demand for new loans, partly due to the large cash balances built up over the last two years. Lending to households continues to expand at a robust pace. Supply conditions remain loose. Although they have risen slightly, bank asset impairment rates remain at very low levels and the proportion of performing loans for which banks have recorded a significant increase in credit risk has decreased. In the first nine months of last year, the profitability of intermediaries improved, mainly as a result of a reduction in loan write-downs.

The preliminary information available for 2021 indicates a significant improvement in general government net borrowing compared with the previous year. The debt-to-GDP ratio has also decreased to around 150% (compared with around 155% in 2020 and almost 135% in 2019). For the three-year period 2022-24, the budget measure approved by the Italian parliament last December increases the deficit by an average of 1.3% of GDP per year compared with the current legislative framework.

This Bulletin includes the macroeconomic projections for Italy in the three-year period 2022-24, which update those published in December. The scenario is based on the assumption that the recent rise in the number of Covid cases will have negative repercussions in the short term for travel and consumption habits, but does not require any strict tightening of restrictions. From the spring onwards, the spread of the epidemic is expected to slow.

GDP is estimated to return to pre-pandemic levels around the middle of this year; at the end of last summer, GDP was 1.3 percentage points below pre-pandemic levels. Economic activity is expected to continue to grow at a strong pace, albeit less intensely than in the post-lockdown period in mid-2021. On average, GDP is expected to grow by 3.8% in 2022, 2.5% in 2023 and 1.7% in 2024. Employment levels are forecast to grow more gradually, returning to pre-crisis levels at the end of 2022.

Consumer prices are estimated to rise by 3.5% on average this year, by 1.6% in 2023 and by 1.7% in 2024. The core component is expected to be 1.0% this year, increasing steadily to 1.6% in 2024, supported by lower unused capacity margins and wage growth.

The growth outlook is subject to multiple, mainly downside, risks. In the short term, the uncertainty surrounding future growth is due to the health emergency and supply-side tensions, which could persist for longer than expected and have a more marked effect on the real economy. In the medium term, the projections remain conditional on full implementation of the expenditure programmes included in the budget measure and on the full and timely implementation of the NRRP (National Recovery and Resilience Plan).

(Source: Bank of Italy Economic Bulletin No. 1/2022).

3. Situation of the Italian life insurance market

In 2021, the new business in individual and collective life policies of Italian and non-EU companies, including additional single premiums, exceeded €88.1 billion in premiums, increasing by 4.6% compared with 2020 but down by 2.2% compared with 2019.

The new premiums for individual policies alone amounted to €85.2 billion (97% of total new business), up by 7.1% compared with 2020 and down by 1.3% compared with 2019. Including the new life premiums of the sample of EU companies, equal to €17.3 billion, which increased by 44.3% compared with 2020, total new life business amounted to €105.4 billion, 9.5% more than in the previous year. For Italian and non-EU companies alone, an analysis of the trend by insurance class type shows that Class I, while continuing to play the leading role in the life segment in 2021, decreased considerably as a proportion of new business, to 59%, i.e. by nearly 7 percentage points year on year.

Class I recorded a decrease in premiums of 5.9% on the previous year, at €52.0 billion, a marked deterioration on the 9.6% increase recorded in the first half of 2021. This result was largely offset by higher premium income in Class III, which at year-end recorded growth of 38.7% compared with 2020 and even more than in 2019, with a volume of new premiums of €34.0 billion (almost all individual policies).

Class III as a proportion of new premium income increased to 39% from 29% in 2020. The volume of Class V new premium income decreased by 37.4% compared with 2020 to €1.0 billion, due to both individual and collective policies. New business relating to the management of pension funds (Class VI) amounted to €879 million (including €722 million in collective policies), 66.5% less than in 2020 (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 the activities of Italian and non-EU companies, 61% of new life business by distribution channel was brokered through bank and post office branches, with a premium volume of €53.6 billion and a 1.7% decrease compared with 2020, concentrated in the first half of the year. Meanwhile, premium income from new policies through the qualified financial advisers channel was positive. Premiums increased by 38.9% year on year, to €15.8 billion, while market share was 18% of total new business (13% in 2020).

The volume of new business distributed by the agents' channel in 2021 was €11.5 billion (13% of total new business), up by 9.7% compared with the previous year, while the direct sales channel recorded a negative performance (down 21.0%), with new premiums of €5.1 billion (6% 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) should exceed €106 billion in 2021, up 5% compared with 2020.

This result is due, as already observed for new production in the current year, to the contraction (-5%) in Class I premium income, equal to €62 billion (59% of total life premiums), which was more than offset by the increase in unit-linked policies (+36% compared with 2020), with a volume of €40 billion (38% of the total). Volumes for Class V and Class VI are estimated to have declined by 40% on average, with market share of 1% and 2%, respectively.

Annual new business by distribution channel

Italian and non-EU companies (millions of euro)

(individual and collective)	2019		2020		2021	
DISTRIBUTION CHANNEL	Premiums	19/18 (%) change	Premiums	20/19 (%) change	Premiums	21/20 (%) change
Bank and post office branches	59.878	3,6%	54.511	-9,0%	53.596	-1,7%
Agents	10.856	18,9%	10.479	-3,5%	11.496	9,7%
Directly Operated Agencies	5.976	27,1%	6.490	8,6%	5.130	-21,0%
Qualified Financial Advisers	12.235	-2,4%	11.341	-7,3%	15.757	38,9%
Other forms (including Brokers)	1.163	-10,7%	1.399	20,3%	2.113	51,0%
Italian and non-EU enterprises	90.108	5,4%	84.220	-6,5%	88.092	4,6%

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

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	19,8%	0,3%	2,2%	0,8%	0,1%	0,9%	0,5%
Single	58,4%	96,0%	87,3%	86,9%	98,0%	94,1%	94,9%
Recurring	21,8%	3,7%	10,5%	12,3%	1,9%	5,0%	4,6%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

(Source: ANIA – Trends - February 2022)

4. The Group's performance

4.1 General performance

As previously mentioned, the Group's consolidated result showed a profit of €8.3 million, a marked increase on the loss of €27.7 million recorded in 2020.

The improvement in the result mainly reflects the improved performance of the subsidiary Eurovita S.p.A. of €25.1 million, €15.2 million in lower costs for technical provisions (LAT) of the former ERGO Previdenza and higher VIF amortisation charges for the former ERGO Previdenza of €4.7 million.

The results for the year ended 31 December 2021 achieved by the direct and indirect subsidiaries before any consolidation entries are set out below:

- €36.3 million achieved by Eurovita S.p.A., up €25.1 million on the result for the previous year (€11.2 million) as it was affected by increased net profits on the Class C asset portfolio of €75.5 million, higher margins on the Class D investment portfolio of €60.9 million, partially offset by higher net costs for claims of €42.6 million and higher operating expenses of €8.0 million.

However, the result was affected by the merger by incorporation of Pramerica Life S.p.A. on 31 March 2021, with accounting and tax effects on 1 January 2021;

- Eurovita Agenzia Marketing S.r.l. in liquidation recorded a loss of €0.02 million;
- The parent company, Eurovita Holding S.p.A., recorded a profit of €32.3 million. This result includes the positive effect of the €36.3 million write-up of equity investments.

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 2021 statutory financial statements, prepared according to national accounting principles.

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

- 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 define 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.

For further details on the Company's observations regarding any impacts that the end-of- inspection report by the Supervisory Authority could have, please see the section entitled "Significant events after year-end".

Mandatory information on compliance with Solvency Capital Requirements, in particular the amount of Solvency Capital Requirement and Minimum Capital Requirement, as well as the amount of eligible 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 2021 Solvency II annual reporting, as the deadline for sending these data to IVASS is 20 May 2022. The values are higher than those set out in the RAF.

Eurovita Group - Available own funds that are eligible to cover the SCR

	Own funds available	Eligibility adjustments	Own funds eligible
Tier 1 unrestricted	341.395	-	341.395
Tier 1 restricted	115.522	- 30.173	85.349
Tier 2	167.427	30.173	197.600
Tier 3	6.689	-	6.689
Total OF	631.033	-	631.033
Total SCR			471.551
Surplus (shortage)			159.482

Eurovita Group - Available own funds that are eligible to cover the Minimum Group Consolidated SRC

	Own funds available	Eligibility adjustments	Own funds eligible
Tier 1 unrestricted	341.395	-	341.395
Tier 1 restricted	115.522	- 30.173	85.349
Tier 2	167.427	- 121.845	45.582
Tier 3	6.689	- 6.689	-
Total OF	631.033	- 158.707	472.326
Total MCR			227.911
Surplus (shortage)			244.415

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.

As provided for in the Group Risk Appetite Framework Policy, as the solvency ratio recorded at 31 December 2021 was below the soft limit tolerance threshold (150%), the Company embarked on specific management actions aimed at strengthening solvency levels in order to re-establish the threshold.

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

<u>4.1.1 - Main subsidiaries</u>

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 2021 show a net profit of €36.3 million, compared with a profit of €11.2 million at the end of 2020.

The key figures from the end of 2021 can be summarised as follows:

- premium income relating to products classified as insurance contracts or as investment contracts with profit-sharing was €1,023.8 million, compared with €1,192.2 million in 2020 (€1,330.2 million including the former Pramerica Life portfolio);
- the premium income on financial products, classified under IAS 39 in accordance with IAS/IFRS, was €650.8 million, compared with €462.7 million in 2020, an increase of more than €188.1 million;

- new business, amounting to €1,481.4 million, decreased by 6.0% compared with the previous financial year (including the former Pramerica Life portfolio), due to a decrease in single premiums, which amounted to €46.3 million, and a decrease in annual premiums, which amounted to €48 million;
- in 2021, indirect business, concentrated in run-off treaties with Spanish and Belgian companies of the ERGO group, resulted in premium income of €4.0 million, compared with €4.6 million in the previous financial year, i.e. a decrease of 13%;
- premiums ceded increased due to the incorporated portfolio of the former subsidiary, Pramerica Life S.p.A., net of decreases due to the subsequent annual premiums ceded in treaties, relating to pre-2001 business originating from the former Ergo Previdenza network. Premiums ceded amounted to €14.7 million, compared with €14.0 million in the previous year (€14.8 million, including the former Pramerica Life portfolio);
- investment income, net of relevant expenses (excluding interest expense on reinsurers' deposits) came in at €296.1 million, compared with a result of €220.6 million recorded in 2020 (€241.9 million including the former Pramerica Life portfolio). 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 segregated funds. Returns on segregated funds, used to revalue the mathematical provisions of the relevant combined products, are solely measured by taking into account realised capital gains or losses, and consequently are not directly influenced by the performance of market rates but by the return realised on the underlying assets. The Company is, however, aware of the uncertain nature of the net unrealised capital gains in its investment portfolio and monitors the performance of the financial markets. The Company believes that the intrinsic volatility in the measurement of assets at fair value does not currently require it to conduct any other market or hedging operations, as further specified below.

Gross technical provisions, also considering the recognition of provisions calculated using the shadow accounting method, decreased from €12,914 million (including the former Pramerica Life portfolio) to €12,106 million. This decrease is mainly attributable to the reduction in the shadow accounting provision due to the lower unrealised net capital gains recorded in the segregated funds of €722.7 million and the reduction in the mathematical provision due to negative net premiums of €99.3 million and is only partially offset by the €59.0 million allocated for the period to the LAT provision. The LAT test revealed a shortfall of €60.3 million, compared with the shortfall of €1.3 million recorded in 2020. It should also be noted that, due to the merger carried out in 2017, the technical provisions include a negative Value in Force of €78.4 million; this relates to the former Eurovita Assicurazioni. This value was amortised during the year in line with the underlying portfolio maturity.

General expenses, including the amortisation of intangible assets, amounted to €60.1 million, down on the previous year (equal to €75.8 million, including the former Pramerica Life portfolio) as a result of the synergies deriving from the process of integrating and merging Pramerica Life S.p.A. This decrease is mainly due to lower staff costs of €14.2 million, which includes €3.8 million due to a lower number of resources (from 271 units to 252 units at 31 December 2021), €1.8 million due to lower IAS 19 provisions and €8.5 million due to the fact that extraordinary costs related to redundancy payments had been recognised in the previous year.

At the same time, higher costs of €1.3 million were recorded in 2021 due to new outsourcing contracts with Eurovita Holding for Risk Management, Compliance, Actuarial Function, DPO and Internal Audit activities, as well as higher outsourcing costs for the Customer Operations Area of €0.4 million, together with extraordinary M&A costs of €2.6 million.

The Company incurred costs of €1.4 million related to staff costs charged back by Eurovita Holding S.p.A.; it also charged back a total of €1.1 million to other Group companies, including €0.7 million for staff costs and €0.4 million for IT services and other miscellaneous services.

Acquisition costs and other acquisition expenses (which include purchase costs, collection costs, rappels and other sales network incentives) amounted to €15.0 million, down from the €25.3 million recorded in 2020 (-40.7%), in line with the decrease in business. Acquisition costs received from reinsurers amounted to €2.1 million (€1.5 million at 31 December 2020). Maintenance fees for the Class I and III portfolio of €124.2 million were up on the previous year (€110.5 million at 31 December 2020), in line with the increase in assets under management.

The decrease in acquisition costs mainly relates to a decrease in total business of €118.3 million (-6.6%) and a different product mix, particularly oriented towards Class III products (Class I premiums decreased by €317.0 million and Class III premiums increased by €202.6 million). In addition, the rappels and other incentives for the sales network at 31 December 2020 included a one-off contribution (of €4.0 million) for a commercial agreement entered into with Deutsche Bank.

Profit before tax, which amounted to €49.0 million, increased from €13.4 million in the previous year (€17.2 million, including the former Pramerica Life portfolio), by a total of €35.6 million, and mainly reflects the improvement in the profit on investments held by the Company (€24.8 million), the improvement in technical margins (€11.4 million), greater amortisation of capitalised expenses (-€16.5 million) and the absence of the non-recurring costs incurred in the previous year for the closure of the former ERGO Previdenza agency network (€9.8 million) and to implement new commercial agreements (€4.0 million). Taxes were calculated in accordance with applicable tax laws and regulations and increased from €2.2 million to €12.7 million.

The financial statements at 31 December 2021 of **Eurovita Agenzia Marketing S.r.l.** in liquidation, formerly Pramerica Marketing s.r.l., acting as an insurance agent on behalf of Eurovita S.p.A., of which it is a wholly owned subsidiary, recorded a positive statutory result of €17,800, an improvement on the €12 thousand loss recorded at the end of 2020.

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 recorded in the Milan Companies Register on the same date. Accordingly, the aforementioned result was due to the liquidation management for the entire year.

4.2 Transactions with Group companies and related parties

Eurovita Holding S.p.A. is the parent company of the Eurovita insurance group and manages and coordinates Eurovita S.p.A. and Eurovita Agenzia Marketing S.r.l. in liquidation.

All contractual transactions described below were settled under normal market conditions, unless otherwise specified.

It should be noted that no material intercompany transaction was identified during 2021, although the companies within the scope of the Group conducted ordinary management transactions with each other, as detailed below:

- **Eurovita Holding S.p.A.**: in 2021, services amounting to €1.0 million were re-billed to the Group companies and staff costs of €1.3 million were charged back. Costs of €0.9 million for services and staff were received from the subsidiary Eurovita S.p.A.;

- Eurovita Agenzia Marketing S.r.l. in liquidation: the company received service costs totalling €7,300.

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. conducted 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).

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 2021.

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 mitigates insurance risk through a reinsurance policy focused on hedging death risk on term life insurance and PPI products, implemented under surplus share treaties (full €100 thousand preservation of the former EP network and full €70 thousand preservation of the former Eurovita Assicurazioni network) for term life insurance and quota share treaties for PPI and full €600 thousand preservation of the former Pramerica Euro network.

As mentioned above, the Company was established on 31 December 2017 from the merger of the former companies Ergo Previdenza, Eurovita Assicurazioni, OMWI and subsequently Pramerica.

Accordingly, the current situation represents all of the reinsurance policies of the four merged companies.

The premiums ceded in the premiums portfolio collected by the former Ergo Previdenza agency network as a percentage of total outward reinsurance still constitute the majority, although they decreased year on year, from 54% of premiums ceded to 49% in 2021. 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 life 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 Ergo Previdenza, mainly from ERGO Belgium within the Munich Re Group, to which the former Ergo Previdenza belonged, and retroceded business relating to both with-profits contracts and term life insurance contracts.

The portfolio of premiums collected by the financial advisers of the former OMWI network is protected by a risk-premium treaty aimed at hedging the optional death benefit of unit-linked products.

The portfolio of premiums collected through the former EVA banks is reinsured either under commercial treaties on with-profits policies or treaties hedging the death risk for term life insurance and PPI policies. The provisions of the ceded business with respect to the direct business provisions has a weight of 3% on the provisions of with-profit policies, with a rate of 4% on death risk provisions (term life and PPI) and a rate of 47% for LTC risk.

The portfolio of premiums collected by the former Pramerica network is 83% reinsured with surplus share risk-premium treaties and 17% with quota treaties for LTC risk; there is also non-life reinsurance, with only a €0.3 million claims reserve remaining.

There are no alternative risk transfer tools.

Equity and financial management

2021 was the year when the global economies returned to growth following the 2020 collapse due to the spread of the pandemic. According to forecasts released by the IMF in January, world output rose by 5.9% during 2021, although many economies have not yet seen their gross domestic product return to pre-pandemic levels. In particular, growth has been supported by the roll-out of vaccines, which have enabled economic and social activity to gradually return to normal, although various national governments have maintained a high level of flexibility in applying restrictions to combat the increase in infections. The rise in cases of the new Omicron variant, which was widespread in Europe in the last few months of the year, has not had the significant negative impact on the economy that was seen in 2020.

Central banks, which acted quickly in 2020, continued to provide significant levels of economic support in 2021. The European Central Bank, in particular, updated its monetary policy strategy, adopting a symmetric inflation target of 2% in the medium term, which can therefore tolerate both upward and downward deviations in pursuit of the medium-term objective. The new Pandemic Emergency Purchase Programme, created specifically to address the new risks arising from the pandemic, continued to support public debt, although no commitments were made during the year to renew the programme when it comes to an end in early 2023. The Federal Reserve also changed its monetary policy goals during the year, adopting a flexible approach that, following periods where inflation has been consistently below 2%, will aim to achieve inflation moderately above 2%. Despite this, the U.S. central bank had already begun to reduce the amount of monthly purchases by the end of the year, aiming to phase out the programme, mainly as a result of the changes in inflation in the latter part of the year. The same trend in inflation also concerned the Bank of England, which became increasingly restrictive, having raised its base rate in December for the first time since the start of the pandemic.

The rise in inflation was, in fact, one of the main themes of 2021: although considered temporary, it has been of gradually increasing concern to central banks and investors due to its resilience. The energy sector was one of the most significant contributors, with rising commodity prices driving up prices rapidly (with WTI oil rising from $50 per barrel in January to $75 per barrel in December, but most importantly, natural gas prices were very volatile, ranging from less than $3/MMBtu in December to more than $6/MMBtu in October, before falling sharply again in December). Following the post-lockdown reopenings, the intense recovery in global demand, in particular for goods, combined with persistent production bottlenecks, contributed to a rise in inflation in all the major economies. These phenomena resulted in European inflation rising beyond the ECB target in the second half of the year, to its highest level since the start of monetary union in December 2021 (5% YoY), with the US price index reaching its highest level (7% YoY) since the 80s in the same period.

2021 was also a year in which fiscal policy played a central role for the European Union. Italy, in particular, has succeeded in developing a National Recovery and Resilience Plan (NRRP), which has been part of the €750 billion European Next Generation EU programme, created specifically in response to the pandemic. The NRRP, which includes both investment and a substantial reform package, is developed around three shared strategic areas at European level: digitalisation and innovation, environmental transition and social inclusion.

Environmental transition was one of the most popular themes of the year, thanks in part to the focus on the United Nations climate conference, COP26, which ended on 12 November in Glasgow. The conference achieved the important result of lowering the global temperature target to 1.5°C compared with pre-industrial times, a significant improvement on the 2°C target set during the 2016 Paris Agreement.

In terms of international markets, 2021 was a positive year for the equity markets of the main developed countries, particularly Europe (EuroStoxx50 approx. +21%), the U.S. (S&P500 approx. +27%) and the UK (FTSE100 approx. +14%), whereas the equity markets of the emerging economies performed below par on average. In the fixed income market, the first part of the year was characterised by a further decline in yields close to historical lows, with the 10-year Bund falling to -0.61% in January and the 10-year BTP reaching a record low of +0.42% in February, both of which then recovered in the latter part of the year as inflationary issues intensified, ending the year at -0.19% and +1.17% respectively. In December, yields rose steadily in Europe in particular, due in part to uncertainty over the continuation of expansionary monetary policy. The month was characterised by a widening of the spread between core and peripherals, which affected Italian government bonds in particular.

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 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 ratings according to a prudent assessment;
- issuer, in relation to the instruments of financial and corporate issuers.

Furthermore, a number of investment restrictions were implemented o make the investment strategy less risky (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, bonds of financial issuers and investment grade corporate) are made under management mandates with financial managers with a high international standing (BNP Paribas AM - Goldman Sachs AM);
- investments in other liquid financial instruments (mainly bonds of emerging countries and high yield bonds of European and U.S. 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 managed by main international managers with a long and solid track record. 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 net result of investments amounted to €296.1 million, an increase on the previous financial year (up 34.2% compared with €220.6 million in 2020). Investment income increased by €24.4 million, due to lower interest expense on reinsurance deposits of €7.1 million, partially offset by higher interest expense on bonds of €2.9 million, and an increase in ordinary income of €16.9 million due to the increase in average invested assets with a stable average return compared with the previous year. The contribution from gains on disposals was flat (€39.0 million in 2021 compared with €37.0 million in the previous year) as was the contribution from valuations (-€5.4 million in 2021 compared with -€6.5 million in the previous year). Net income from financial instruments at fair value through profit or loss brought a positive contribution totalling €60.9 million (up €51.0 million in 2021, compared with €9.9 million in the previous year), thanks to the positive performance of the markets to which the external funds and unit-linked internal funds are linked, related to products classed as investments with DPF.

Specifically, the net gain on disposals (+€39 million in 2021 compared with €37.0 million in the previous year) was the result of multiple strategies, such as the optimisation of the ALM structure of some portfolios, which resulted in an extension of the duration of assets or partial consolidation of accumulated income. The valuation result had a negative impact of €5.4 million due to permanent write-downs brought to light by the impairment test, mainly recorded on units of Alternative Investment Funds (AIF).

Valuation of the investment portfolio

The carrying amount of the Company's total investment portfolio was €18,790.6 million at 31 December 2021 (€19,420.8 million at 31 December 2020).

The duration of the portfolio's direct bond component (10.8 years) increased compared with the previous financial year (10.2 years at the end of 2020) as new purchases were mainly concentrated in the medium-long part of the curve, in line with the maturities of commitments in terms of ALM, also due to an increase in the duration of liabilities.

The "Loans and receivables" portfolio, amounting to €258.3 million (€616.5 million in 2020), represented 1.4% of the total portfolio, with net unrealised capital gains of €5.3 million, a decrease on the same figure for 2020 (€63.3 million). The decrease in the item as at 31 December 2021 is mainly due to the reduced use of repurchase agreements (-€11 million compared with the end of the previous year), €15 million in maturing securities and the sale of securities totalling €317 million.

The portfolio of "Available-for-sale (AFS) financial assets", amounting to €11,455.3 million (€12 thousand.6 million in 2020), represents 61.0% of the total portfolio and shows a positive equity reserve (the difference between the market value and amortised cost) of €754.5 million, a €636.8 million decrease on the value recorded in the previous year (€1,391.3 million). The performance of the equity reserve benefited from the increase in interest rates in 2021, as well as wider spreads on Italian government securities.

"Financial assets measured at fair value through profit or loss", equal to €7.076,9 million (€6.803,7 million in 2020), represent 37.6% of the total portfolio and essentially consist of securities backing unit-linked products classed as investments with DPFs. The item benefited from the strong performance of the financial equity markets to which the portfolios are linked.

Further Information

In 2021, the direct bond investment portfolio front-office function was entrusted almost in its entirety to BNP Asset Management Paris and Goldman Sachs Asset Management London under specific Management Mandates. The investment strategy, as well as risk control measures, was in accordance with the guidelines issued by the Board of Directors, under the strict supervision of the Investment Committee, and carried out in coordination with the Strategic Asset Allocation policy approved by the Board of Directors.

The Company holds investments in private asset funds (mainly private debt) of €823 million, which represent 4.4% of the Investments item.
Considering certain valuation uncertainties related to the difficulties faced by some borrowers due to Covid, the Company has decided to reduce the market value of the private asset funds by approximately €38 million compared with the value based on the last available NAVs. This amount will be reviewed on receipt of the audited financial statements of the funds in which the Company has invested.

As these are mainly closed-end alternative investment funds (AIFs), it is not possible to request the redemption of units and any reduction of exposure would take place through secondary market transactions. Transactions on the secondary market for closed-end funds normally take place at lower values than the last available NAVs. It should also be noted that, as at 31 December 2021, committed and uncalled capital amounted to approximately €185 million.

Personnel and specific training

During 2021, 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 252 employees, 243 of whom belonged to Eurovita S.p.A.

The 2021 internal training courses, almost exclusively delivered remotely due to the health emergency, which continued throughout the year under review, were technical, managerial, IT-related, sector-specific and designed on the basis of the requirements identified during meetings with the first management line. Some training was delivered horizontally to different departments, while more specific courses were provided to resources with identified training needs.

Business English courses were provided not only for senior management but for 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 May 2021, which is set to end in May 2022. The maximum funding amount, according to the relevant notice, is €200 thousand.

IT systems, organisation and major projects

In 2021, in line with its strategic business plan, the Company pursued its IT systems and operational processes development plan in order to fully integrate Eurovita S.p.A. with the companies merged, including for the purpose of being fully compliant with the new standards and taking advantage of new market opportunities.

In particular, in March the project activities for the merger of Pramerica Life S.p.A. into Eurovita S.p.A. were completed. Against this backdrop, work was carried out including the convergence of general accounting, corporate banking systems and treasury support applications, the integration of home insurance, and the rebranding of all the printing layouts and customer communications generated by the management applications.

With respect to the efficiency of management processes and the technological development of core systems, with the migration of the former Ergo Previdenza portfolio to the “EVA” (savings products) target system and to the platform of the third-party supplier, Previnet (pension products), the second phase of integration of the portfolio systems was completed in February 2021. At the same time, activities to migrate document management processes to the target solution were completed. At the end of 2021, the Board of Directors approved, as part of the ICT strategic plan, the third phase of the process of integration of the portfolio systems, which includes the migration of the former Pramerica Life portfolio to the “EVA” target system and, only for pension products, to the Previnet target platform. Again with reference to the efficiency of processes and the convergence of IT systems on the target platforms, during 2021 the target operating model for commission management was established. This will be implemented during 2022 and provides for unification of the systems used to calculate and account for the fees payable to the Networks.

With regard to infrastructure, following the migration of the former Ergo Previdenza portfolio, the decommissioning of the mainframe system was completed, resulting in significant savings in infrastructure costs. In the fourth quarter, work began to restructure virtual computer workstations and migrate to the Microsoft Azure Cloud, and will be completed in the first few months of 2022

In order to further develop the customer service model, the process of identifying remote customers taking out home insurance has been further enhanced by the implementation of a video call process for customer recognition during registration. In addition, at the end of the year, activities began to integrate the SPID as a further means of identifying customers, and to create a new single home insurance solution for the Company, built according to the highest standards of technology and safety, as well as navigability and usability for the customer.

The IT platform to support the processes of assisting the internal distribution and ticketing networks was also further implemented in order to support second-level processes for customer service, and activities related to the development of the portal for distributors were completed by extending its functionalities to all the products in the portfolio.

As part of commercial development projects, work was carried out to implement new projects launched during the year and IT work was carried out to support the Liquidity Bonus project, with the aim of reducing the portfolio with high minimum guarantees, and the IT work necessary to launch the new distribution partnership with Banco Desio was carried out.

In the area of legislation, work was carried out to adapt to the new regulatory rules on the oversight and governance of products and distribution networks, scheduled for 2021, and the project activities planned for 2021 for the implementation of systems supporting the implementation of IFRS 9 and IFRS 17. In this context, the company data warehouse has been enriched with new data and new functionalities. Work has also begun to review home insurance relating to supplementary pensions, in order to adapt it to the new Covip regulations that will come into force in 2022. Anti-money laundering safeguards have also been further strengthened through the implementation of numerous measures aimed at improving the oversight of processes and regulatory compliance. The process optimisation project will come to an end in 2022, with the completion of the implementation of the operating model target.

The Company has also continued to develop the operating framework for cyber security management, further strengthening the governance model and taking into account the “Guidelines on information and communication technology, security and governance”, issued by EIOPA on 6 April 2021, which entered into force on 1 July. In this situation: i) the organisational structure was reviewed, with the re-allocation of the Information Security function, which had been within the Organisation, Information Systems and

Human Resources Department but now answers directly to Eurovita's Chief Executive Officer, in order to ensure its complete independence from the IT systems management processes; ii) the ICT risk management model was integrated into the operational risk framework, aligning the relevant probability/impact metrics; iii) the internal procedures for IT security management were updated and integrated, with particular reference to the management of IT demand and change management processes, the management of access to IT systems, ticketing management and IT incidents.

In the organisational area, the structure dedicated to managing IT demand was strengthened and an organisational unit dedicated to process and technology innovation was created. Work continued on updating of the Company's regulatory texts and the prioritisation, planning and control of the Group's various project initiatives also continued.

Research & Development and new products

Research & Development

The development and research plan for new products in 2021 was characterised by the corporate intention to pursue three strategic guidelines:

- the creation of new products not yet included in the catalogue
- the creation of personalised products for the management of reserved negotiations
- streamlining of the product offering already available.

This strategy has resulted in projects, defined, launched and all successfully concluded during the year.

With regard to new product creation, in March the new *"Eurovita Soluzione Più"* unit-linked product was launched. This is a Class III investment product featuring the *new Eurovita Soluzione Protetta* protected fund. Subsequently, in October, the Eurovita product offering was enriched with the new *"Eurovita Multiramo ESG Soluzione ESG",* policy, featuring both the introduction of a mechanism for the automatic decumulation of the investment mix between segregated funds and the internal insurance fund chosen by the customer, and, as Class III investment options, the new "*Eurovita Soluzione Più* protected fund and the *"Eurovita Soluzione ESG"* fund, the latter being implemented in line with the new European regulations on investment sustainability.

In relation to the management of personalised negotiations and also the Company's focus on "tailor-made" products, two important operations were completed in 2021: the first, which took place in May, resulted in the creation of a personalised Class III policy based on the "Sfera" dedicated internal insurance fund; and the second, which was successfully completed in June, resulted in the creation of a Class III policy based on the "Acquamarina" dedicated internal insurance fund.

In relation to the offer restyling activity, multiple objectives were achieved in 2021:

- more timely entry into markets by altering the investment cycle of Cordusio's *"Eurovita Select"* product from weekly to daily, which took place in April;
- improvement of the economic sustainability of certain products through *a review of the product offering of the banking distributors of Class I and Multi-class products*, which took place throughout May;
- a more granular redefinition of the premium bands for the products of *CREDEM (Eurovita Equilibrium)*, *Fineco (Eurovita Focus Gestione Private Serie II)* and *Banca Profilo (Eurovita Profilo Multistrategia Gold Series II)*, depending on the introduction of different levels of retention on the underlying segregated fund.

Finally, in 2021, 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 31/12/2020 of financial 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 placed).

4.4. Exposure to risk

Please refer to the relevant section in the Explanatory Notes.

4.5 Business outlook

The most recent indicators suggest that the spread of the pandemic has slowed since the spring, and GDP, which was 1.3 percentage points below pre-pandemic levels at the end of last summer, will return to pre-crisis levels around mid-year. Economic activity is then expected to continue to grow at a strong pace, albeit less intensely than in the post-lockdown period in mid-2021, but on average, GDP is expected to grow by 3.8% in 2022, up to 2.5% in 2023 and 1.7% in 2024.

However, the growth outlook is subject to multiple risks, mostly on the downside. In the short term, the uncertainty surrounding future growth is due to the health emergency and supply-side tensions, which could persist for longer than expected and have a more marked effect on the real economy. In the medium term, the projections remain conditional on full implementation of the expenditure programmes included in the budget package and on the full and timely implementation of the NRRP (National Recovery and Resilience Plan).

For its part, the Company, which promptly implemented the necessary measures to deal with this contingency, including by doing most of its business remotely (through smart working and remote working), will continue to develop and streamline its internal processes with a view to containing costs and creating value, in order to become a leading, solid and independent company in the Italian life products market.

4.6 Significant events after year-end

As is common knowledge, on the night of February 23-24, Russia launched a military operation in Ukraine that effectively started a war between the two countries.

Against this backdrop, the Western economies, not supported by China, responded by imposing strong sanctions on both Russia and the oligarchs that represent the economic power of the former Soviet state. The first economic consequences, including a sharp rise in commodity prices and rising inflation, are already apparent.

At the time of preparation of these financial statements, it is not possible to predict how the conflict will develop, let alone the long-term consequences for the world’s economies.

With regard to the exposure of our financial investments in those countries most closely involved in the conflict between Russia and Ukraine, please note the following:

- Available-for-sale financial assets (Class C) do not include any direct exposures, whereas Euroriv, a mutual fund included in the segregated funds, holds a financial instrument issued by a Russian chemical holding company called PhosAgro. The exposure is for a nominal amount of $7.65 million in an unsecured senior bond with a fixed coupon of 3.949%, maturing on 24 April 2023. The exposure represents approximately 0.06% of the total carrying amount of available-for-sale financial assets.

- Financial assets designated at fair value (Class D unit-linked) do not include any direct exposures, whereas indirect exposures (shares and bonds) held through various mutual funds investing in the financial instruments of Russian, Ukrainian and Belarussian issuers, total €32.8 million. These exposures represent approximately 0.47% of the total carrying amount of financial assets designated at fair value.

In addition, at the date of preparation of this report, the Company is waiting to receive from IVASS the end-of-inspection report assessing the methodology and assumptions used to determine the technical provisions and to calculate the solvency capital requirement. From a prudential standpoint, the Company has carried out sensitivity analyses enabling it to verify whether, even in the event of the classification of certain complex investment funds with a risk profile relating to particularly unfavourable stress, the solvency ratio at year-end would nevertheless remain above the minimum values permitted by law and above the "recovery trigger" limit of 110% defined in the Company's capital policy.

With regard to the Company's solvency, the ongoing monitoring of the solvency ratio has shown that it is increasing, mainly as a result of rising interest rates.

Milan, 30 March 2022

FOR THE BOARD OF DIRECTORS

Chief Executive Officer

Erik STATTIN

Statement of financial position

BALANCE SHEET - ASSETS

(Amounts in Euros)

	31/12/2021	31/12/2020
INTANGIBLE ASSETS	162.643.262	204.765.984
Goodwill	22.050.297	22.050.297
Other intangible assets	140.592.965	182.715.687
TANGIBLE ASSETS	17.925.673	19.451.698
Land and buildings (self used)	17.393.340	18.635.722
Other tangible assets	532.333	815.976
AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS	270.608.183	358.480.302
INVESTMENTS	18.790.588.542	19.420.849.677
Land and buildings (investment properties)	-	-
Investments in subsidiaries, associated companies and joint ventures	0	-
Held to maturity investments	-	-
Loans and receivables	258.329.693	616.545.725
Available for sale financial assets	11.455.314.750	12.000.568.609
Financial assets at fair value through profit or loss	7.076.944.098	6.803.735.343
RECEIVABLES	114.902.209	85.509.950
Receivables arising out of direct insurance operations	25.551.936	30.535.491
Receivables arising out of reinsurance operations	33.031.244	3.664.235
Other receivables	56.319.029	51.310.225
OTHER ASSETS	378.691.700	454.599.126
Non-current assets or disposal groups classified as held for sale	-	-
Deferred acquisition costs	22.677.735	49.827.369
Deferred tax assets	-	-
Tax receivables	282.947.925	297.347.414
Other assets	73.066.040	107.424.343
CASH AND CASH EQUIVALENTS	36.082.925	28.375.215
TOTAL ASSETS	19.771.442.494	20.572.031.952

BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY

(Amounts in Euros)

	31/12/2021	31/12/2020
SHAREHOLDERS' EQUITY	509.704.373	522.587.066
Group capital	508.695.472	521.776.694
Share capital	1.000.000	1.000.000
Other equity instruments	-	-
Capital reserves	198.300.141	198.300.141
Revenue reserves and other reserves	293.391.575	321.286.905
(Own shares)	-	-
Reserve for currency translation differences	-	-
Reserve for unrealized gains and losses on available for sales financial assets	-11.822.687	29.432.437
Reserve for other unrealized gains and losses through equity	19.494.201	-503.478
Result of the period	8.332.241	-27.739.311
Third parties capital	1.008.901	810.373
Third parties capital and reserves	904.429	727.757
Reserve for other unrealized gains and losses through equity	37.480	61.961
Result of the period	66.992	20.655
OTHER PROVISIONS	11.533.186	18.848.802
INSURANCE PROVISIONS	12.105.843.172	12.923.362.583
FINANCIAL LIABILITIES	6.761.643.403	6.644.128.923
Financial liabilities at fair value through profit or loss	6.380.321.841	6.270.248.292
Other financial liabilities	381.321.562	373.880.631
PAYABLES	218.144.574	275.248.051
Payables arising out of direct insurance operations	28.966.964	29.408.323
Payables arising out of reinsurance operations	18.529.057	70.059.427
Other payables	170.648.553	175.780.301
OTHER LIABILITIES	164.573.786	187.856.526
Liabilities directly associated with non-current assets and disposal groups classified as held for sale	-	-
Deferred tax liabilities	55.497.114	82.234.677
Tax payables	66.118.551	48.509.565
Other liabilities	42.958.122	57.112.284
TOTAL EQUITY AND LIABILITIES	19.771.442.494	20.572.031.952

Income statement and statement of comprehensive income

INCOME STATEMENT

(Amounts in Euros)

	31/12/2021	31/12/2020
Net earned premiums	1.009.028.726	1.315.374.352
Gross earned premiums	*1.023.770.582*	*1.330.167.125*
Earned premiums ceded	- *14.741.856*	- *14.792.773*
Fee and commission income and income from financial service activities	138.573.978	125.430.155
Net income from financial instruments at fair value through profit or loss	60.882.166	9.854.401
Income from subsidiaries, associated companies and joint ventures	-	-
Income from other financial instruments and land and buildings (investment properties)	269.624.084	258.510.487
Interest income	*168.307.184*	*170.166.206*
Other income	*30.987.935*	*25.338.385*
Realized gains	*70.328.965*	*63.005.896*
Unrealized gains and reversal of impairment losses	-	-
Other income	34.889.603	34.046.909
TOTAL INCOME	1.512.998.556	1.743.216.303
Net insurance benefits and claims	1.127.031.023	1.381.966.806
Claims paid and change in insurance provisions	*1.142.908.514*	*1.403.982.348*
Reinsurers' share	- *15.877.490*	- *22.015.542*
Fee and commission expenses and expenses from financial service activities	96.515.353	90.288.817
Expenses from subsidiaries, associated companies and joint ventures	-	-
Expenses from other financial instruments and land and buildings (investment properties)	69.521.109	66.711.245
Interest expenses	*17.504.891*	*21.842.576*
Other expenses	-	-
Realized losses	*46.637.641*	*38.322.854*
Unrealized losses and impairment losses	*5.378.578*	*6.545.816*
Acquisition and administration costs	97.843.347	113.475.209
Commissions and other acquisition costs	*48.481.033*	*56.739.326*
Investment management expenses	*13.875.472*	*13.131.044*
Other administration costs	*35.486.842*	*43.604.839*
Other expenses	112.959.254	135.337.641
TOTAL EXPENSES	1.503.870.086	1.787.779.718
EARNINGS BEFORE TAXES	9.128.470	- 44.563.415
Income taxes	729.237	- 16.844.759
EARNINGS AFTER TAXES	8.399.233	- 27.718.656
RESULT OF DISCONTINUED OPERATIONS	-	-
CONSOLIDATED RESULT OF THE PERIOD	8.399.233	- 27.718.656
Attributable to the Group	8.332.241	- 27.739.311
Attributable to Minority Interests	66.992	20.655

STATEMENT OF COMPREHENSIVE INCOME

(Amounts in Euro)

	31/12/2021	31/12/2020
CONSOLIDATED RESULT OF THE PERIOD	8.399.233	- 27.718.656
Items that may not be reclassified to profit and loss in future periods	- 68.536	- 68.536
Share of other comprehensive income of associates	-	-
Reserve for revaluation model on intangible assets	-	-
Reserve for revaluation model on tangible assets	-	-
Result of discontinued operations	-	-
Actuarial gains or losses arising from defined benefit plans	- 68.536	- 68.536
Other	-	-
Items that may be reclassified to profit and loss in future periods	- 21.213.389	- 61.842.073
Foreign currency translation differences	-	-
Net unrealized gains and losses on investments available for sale	- 41.316.708	- 71.277.719
Net unrealized gains and losses on cash flows hedging derivatives	20.103.318	9.435.646
Net unrealized gains and losses on hedge of a net investment in foreign operations	-	-
Share of other comprehensive income of associates	-	-
Result of discontinued operations	-	-
Other	-	-
OTHER COMPREHENSIVE INCOME	- 21.281.926	- 61.910.609
TOTAL COMPREHENSIVE INCOME	- 12.882.692	- 89.629.265
attributable to the Group	- 12.858.949	- 89.464.079
attributable to minority interests	- 23.743	- 165.187

Statement of changes in shareholders’ equity

		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

		Amount as at 31.12.2020	Change in amounts	Allocation	Transfer to profit or loss account	Other transfer	Change in scope consolidation	Amount as at 31.12.2021
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	321.286.905		-27.739.311		-156.018		293.391.575
	(Own shares)	0						0
	Result of the period	-27.739.311		36.071.552				8.332.241
	Other comprehensive income	28.928.959		5.885.389	-27.142.834			7.671.514
	Total shareholders' equity attributable to the group	521.776.694	0	14.217.631	-27.142.834	-156.018	0	508.695.472
Shareholders' Equity attributable to minority interests	Share capital and reserves	727.757		20.655		156.018		904.430
	Result of the period	20.655		46.337				66.992
	Other comprehensive income	61.961		25.636	-50.117			37.480
	Total shareholders' equity attributable to minority interests	810.373	0	92.628	-50.117	156.018	0	1.008.902
Total		522.587.066	0	14.310.258	-27.192.950	0	0	509.704.373

Statement of cash flows

Cash Flow Statement (indirect method)

(Amounts in Euros)	31/12/2021	31/12/2020
Earnings before taxes	9.128.470	-44.563.415
Changes in non-cash items	-724.683.700	1.101.844.584
Change in the provisions for unearned premiums and for unexpired risks for non-life segment	-154.260	-164.141
Change in the provisions for outstanding claims and other insurance provisions for non-life segment	-121.338	68.862
Change in the mathematical provisions and other insurance provisions for life segment	-729.371.695	1.014.499.132
Change in deferred acquisition costs	27.149.634	4.069.747
Change in other provisions	-7.315.616	2.505.099
Other non-cash expenses and revenues arising out of financial instruments, investment properties and investments in subsidiaries, associated companies and joint ventures	-35.074.567	82.041.489
Other changes	20.204.142	-1.175.605
Change in receivables and payables from operating activities	-81.224.825	-4.274.572
Change in receivables and payables arising out of direct insurance and reinsurance operations	-76.355.183	6.184.436
Change in other receivables and payables	-4.869.642	-10.459.009
Income taxes paid	-796.229	16.824.104
Net cash flows from cash items related to investing or financing activities	110.073.549	-537.907.574
Financial liabilities related to investment contracts	110.073.549	-537.907.574
Payables to banks and customers	0	0
Loans and receivables from banks and customers	0	0
Other financial instruments at fair value through profit or loss	0	0
NET CASH FLOWS FROM OPERATING ACTIVITIES	-687.502.735	531.923.127

Net cash flows from investment properties	0	0
Net cash flows from investment in subsidiaries, associated companies and joint ventures	-0	-0
Net cash flows from loans and receivables	361.369.603	120.194.249
Net cash flows from held to maturity investments	0	0
Net cash flows from available for sale financial assets	555.917.410	-457.328.418
Net cash flows from tangible and intangible assets	43.648.746	62.235.661
Net cash flows from other investing activities	-273.208.755	70.313.927
NET CASH FLOWS FROM INVESTING ACTIVITIES	687.727.004	-204.584.581

Net cash flows from shareholders' equity attributable to the Group	-156.018	0
Net cash flows from own shares	0	0
Dividends payment	0	0
Net cash flows from shareholders' equity attibutable to minority interests	198.529	-130.747
Net cash flows from subordinated liabilities and other similar liabilities	0	50.000.000
Net cash flows from other financial liabilities	7.440.931	-412.037.022
CASH FLOW FROM FINANCING ACTIVITIES	7.483.441	-362.167.769

Effect of exchange rate changes on cash and cash equivalents	0	0

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	28.375.215	63.204.438
CHANGE IN CASH AND CASH EQUIVALENTS	7.707.710	-34.829.223
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	36.082.925	28.375.215

Notes to the financial statements

Notes to the financial statements

Basis of preparation

The consolidated financial statements as at 31 December 2021 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).

The changes to the international accounting standards during the period were as follows:

New IASB documents approved by the European Union applicable to 2021 financial statements:

Title	Date of issue	Effective date	Approval date	EU ragulation and date of publication
Reform of the benchmarks for determining interest rates - phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	August 2020	1st January 2021	13th January 2021	(UE) 2021/25 14-Jan-2021
Concessions on fees related to COVID-19 after 30 June 2021 (Amendment to IFRS 16)	March 2021	1st April 2021	30th August 2021	(UE) 2021/1421 31-Aug-21
Extension of the temporary extension from the application of IFRS 9 (Amendments to IFRS 4)	June 2020	1st January 2021	15th December 2020	(UE) 2020/2097 16-Dec-20

With regard to the entry into force of new accounting standards, the new accounting standard IFRS 9, issued by the IASB in July 2014 and approved by the European Commission through Regulation (EU) No. 2067/2016, replaced, with effect from 1 January 2018, IAS 39, which currently governs the classification and measurement of financial instruments. IFRS 17, i.e. the new standard relating to the measurement of insurance contracts, will be effective as of 1 January 2023. Its initial entry into force on 1 January 2021 has been postponed by the IASB Board 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 of 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 was higher than 90% (predominance ratio) 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 31/12/2021**	**Fair Value change**	**Other changes**	**Fair value 31/12/2020**
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	183.197.887	-1.854.007	-382.062.785	567.114.680
Other financial assets	-	-	-11.012.791	11.012.791
	183.197.887	**-1.854.007**	**-393.075.576**	**578.127.471**
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	-	-	-	-
Other financial assets	-	-	-	-
	-	**-**	**-**	**-**

Available for sale financial assets	**Fair value 31/12/2021**	**Fair Value change**	**Other changes**	**Fair value 31/12/2020**
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	9.957.294.161	-568.437.490	58.745.713	10.466.985.937
	9.957.294.161	**-568.437.490**	**58.745.713**	**10.466.985.937**
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	117.031.481	-702.526	-33.596.499	151.330.506
Fund shares	1.359.187.980	-32.773.093	31.076.976	1.360.884.097
Derivatives	-16.938.496	279.220	34.708.638	-51.926.354
	1.459.280.965	**-33.196.398**	**32.189.115**	**1.460.288.248**
Other financial assets which provide no test				
Stock shares	21.801.129	590.542	-157.483	21.368.069
	21.801.129	**590.542**	**-157.483**	**21.368.069**

Financial assets at fair value through profit or loss	Fair value 31/12/2021	Fair Value change	Other changes	Fair value 31/12/2020
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	101.816	- 788	- 4.908.872	5.011.477
Derivatives	-	-	-	-
	101.816	**- 788**	**- 4.908.872**	**5.011.477**
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	2.974.069	33.000	5.716	2.935.353
Fund shares	-	-	-	-
Derivatives	7.319.700	- 753.500	-	8.073.200
	10.293.769	**- 720.500**	**5.716**	**11.008.553**

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

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 31/12/2021	Market Value 31/12/2021	Book Value 31/12/2020
of which:			
Investment grade			
Bonds	9.717.256.400	9.808.517.233	10.202.993.811
Other financial assets	-	-	11.012.791
Non Investment grade			
Bonds	321.985.205	332.076.631	686.870.274

These consolidated financial statements were prepared in compliance with ISVAP Regulation No. 7/2007. 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 2021, 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 obliged 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 assumption, using the accrual methods, and the principles of relevance and significance of accounting information.

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

Scope of consolidation, reconciliation tables and 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 the relevant 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 equity 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 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 in the form of Order No. 0228541/16 of 7 December 2016, the entire share capital of Old Mutual Wealth Italy S.p.A. (hereinafter also "Old Mutual" or "OMWI") was acquired by Ergo Previdenza S.p.A. (hereinafter also "Ergo" or "EP").

On 11 August 2017, with the prior authorisation of IVASS in the form of Order No. 0150511/17 of 3 August 2017, the share capital of Eurovita Assicurazioni S.p.A. (hereinafter also "Eurovita Ass." or "EVA") was acquired by Ergo.

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 2020, following authorisation by IVASS, the entire share capital of Pramerica Life S.p.A., which wholly owned Pramerica Marketing S.r.l., was acquired.

It should be noted that the subsidiary Eurovita S.p.A. was authorised by IVASS Resolution No. 112/2021 to merge Pramerica Life S.p.A. by incorporation into Eurovita S.p.A. on 16 December 2020.

The merger took place on 31 March 2021 with retroactive accounting and tax effects to 1 January 2021.

Lastly, it should be noted that on 24 June 2020, the shareholders' meeting of Eurovita Agenzia Marketing S.r.l., previously Pramerica Marketing S.r.l., by deed of notary Laura Cavallotti, resident in Milan and registered with the Milan Society 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	Milan	Life insurance
Eurovita Agenzia Marketing S.r.l.	100,00%	0,01	Milan	Insurance agency

In preparing the consolidated financial statements:

- the accounting statements of the companies included in the scope of consolidation as at 31 December 2021, prepared in accordance with the IFRS standards adopted by the European Union, were used;
- all balances and 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 give rise 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 2021 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 2021, 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.

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

Regulation (EU) 2020/34 of 15 January 2020 transposed certain amendments to IFRS 9, IAS 39 and IFRS 7 in order to overcome the uncertainty arising from the reform of IBOR (interbank offered rates) indices, allowing some simplifications to the requirements of these standards during the phase preceding the change of 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.

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 long-term 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 effective 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 of 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.

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”, introduced, as of 1 January 2020, 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, requiring estimates and assumptions to be 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 regarding the breakdown of financial instruments by fair value level.

Loans and receivables

This item includes loans on policies, mortgages, loans to employees, deposits with ceding entities (reinsurers), repurchase agreements, time deposits, receivables for 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 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, net of any write-downs.

Loans and receivables of an insurance nature are 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 are 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 performed at fair value, that is, at 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 can take place. The existence of official prices on a regulated market is an optimal, but not absolute, condition for determining fair value; however, in the event that the regulated market prices 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 amortised cost according to the real rate of return method. Unrealised gains and losses on the other hand are 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 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. Simultaneously with the cancellation of the asset, the amount of any 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, at each reporting date, companies to check whether there is any objective evidence that a financial asset, or group of financial assets, has suffered impairment.

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

For the purposes of the impairment test, the Company analysed the following situations 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 and by reducing the assets available for sale reserve to zero.

With regard to fixed-rate financial instruments, in order to ascertain whether there is any need to proceed with impairment, the Company examines objective factors or concrete information that makes the payment of benefits doubtful (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 component of securities.

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 apply on the basis of objective evidence. These write-backs are recorded in the income statement.

<u>Financial assets measured at fair value through profit or loss</u>

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

- 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 their 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 can 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 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 cash flow 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 guarantees associated with same - 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 limit of the contractual duration and premium charges.

At each closing, the deferred acquisition costs relating to contracts issued during the reporting period (also for partial redemption), are expensed by charging the residual commission 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 consists of 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 will result in taxable amounts when computing the taxable income of future financial years when the book value of the asset or liability is realised or derecognised;
- deductible, i.e. they will be translated into amounts that are deductible when computing the taxable income of future financial years when the book value of the asset or liability 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 reporting 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 for 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. where there is a current (legal or implicit) obligation as a result of a past event, the use of resources to meet 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 provisions 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 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 effective 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. In addition, during the purchase price allocation phase, the Company recorded a shadow provision as consideration for the valuation of financial assets on the market without any effective impact on the segregated funds. This part of the provision produces its effects on the income statement in individual years according to the gains or losses arising from valuations made in the segregated funds. 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 prices related to segregated funds.

The shadow accounting going concern approach enables the following:

- 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 timing 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 involving 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 future business continuity. In particular, to counter 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 reporting 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 classified;
- 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 classified, 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

Insurance items 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 tax liabilities 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, the 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 provisions for future expenses, calculated with the Level 1 bases. The portion of premium charges to be deferred is obtained from the gross premium, after deducting the part of the deposit (treated according to IAS39) relating to the invested premium, and deducting the insurance component relating to additional hedges (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 amortisation period is based on the duration of the contract (without limit). The remaining portion of deferred premium charges relating to contracts issued during the reporting period (including by partial redemption), are charged to 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 section entitled "Employee benefits".

The item includes collateral under forward contracts according to the financial sign.

All other 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 the insured. 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 the provision of financial services, 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 measured 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 it includes 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, gains realised and write-backs of 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 the management of 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 policyholders if it relates to insurance contracts, and other technical provisions of the Life classes. These items are recognised gross of settlement costs, net of recoveries and reinsurance.

Commission expense

This item includes the recognition of costs connected with financial services received, as established 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, pursuant to IAS 39. Specifically it includes interest expense (calculated using the effective interest method), other investment charges, realised losses and valuation losses (impairment).

Operating expenses

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 administrative 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 and 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 differ from defined contributions in that, unlike the latter, not all actuarial and investment risks are borne by the person entitled to the 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 the 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 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 regards assumptions and uncertainties relating to estimates at 31 December 2021 having 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.

<u>Insurance contracts</u>

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 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

<u>Introduction</u>

The Group is equipped with a risk management policy, integrated into the business, aimed at optimising its risk-return profile by increasing profitability and maintaining an adequate level of economic/regulatory capital, thus meeting the expectations of shareholders and policyholders in terms of value creation and safeguarding of corporate assets.

The Group assumes 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 offering 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 corporate 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 risk control and 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, contributing to ensuring its effectiveness, including by supporting the Company's Board of Directors and Senior Management in relation to its definition and implementation. The Actuarial Function helps with the effective implementation of 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 Company to calculate its own capital 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 and risk management strategy and will determine the general risk appetite framework by defining a set of risk management limits and requirements (Risk Appetite Framework);
- a process for identifying risks aimed at detecting the internal and external risk factors relevant to the Group and any changes that might have a significant impact on its business strategy and objectives on a continuous and *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 risks that exist or could arise in existing or 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 with 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 with regard to the operation, effectiveness, adequacy and compliance of the Organisation and Management Model adopted by the Company and is responsible for updating it.

With regard to the corporate governance and internal control safeguards within the Group, 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.:

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

These committees report to the parent company's Board of Directors, which has approved their respective operating rules.

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

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

The risk management policy disseminated and applied within the Group, reviewed and updated on an annual basis, defines the risk governance model, taxonomy, risk 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 reinforce the activities of the functions responsible for risk monitoring and control.

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 specifically requires risks to be reviewed on an ongoing basis and at least quarterly and the findings regarding the underlying risk profile to be adequately reported to the Board of Directors.

Based on the findings of the risk identification and assessment processes, a system of limits and triggers has been established by the Board of Directors setting risk tolerance limits on the level of risk assumed.

Risks are currently identified 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;
- 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 and BNP Paribas Asset Management).

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 Group 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 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 movements 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 the assets and liabilities in 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 in the Solvency II capital requirement at Group level.

The Group, as also required by IVASS Regulation No. 24/2016, has arranged for and drafted the Framework Resolution on Financial Investments aimed at measuring and containing portfolios exposure to market risk. It has also established a Management Investment Committee, which holds monthly meetings, in which corporate business and control departments are invited to participate. 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 management strategies and tactics adopted in relation to the continual evolution of the markets.

For the 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 objectives.

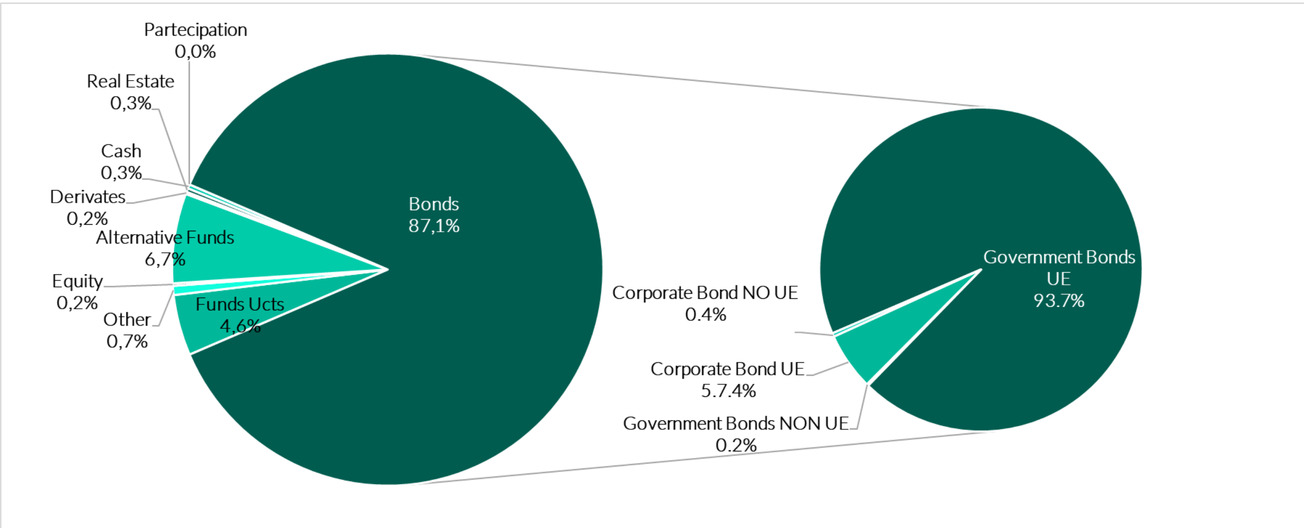
Interest rate risk is managed through a policy to optimise investment performance and by constantly monitoring asset and liability matching at the segregated fund level.

The Group manages concentration risk by defining specific limits per asset class, 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 Group's "Class C" portfolio, which at 31 December 2021 amounted to €11,768 million, mainly comprises bond instruments (approximately 87%), UCITS (Undertakings for Collective Investment in Transferable Securities) (approximately 5%) and alternative funds (approximately 7%).

The bond portfolio mainly includes securities issued in the euro zone and comprises government securities (approximately 94%), covered bonds, and corporate bonds (approximately 6%).



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 towards spread risk. In addition to the risks defined according to the standard formula, the Group assesses the elements associated with the volatility of the instruments included in its eligible own funds. In particular, an action plan was implemented in 2021 to mitigate exposure to the main sources of volatility in the portfolio, i.e. Italian government bonds. However, the search for lower volatility of own funds means a lower capacity to generate income for the Group's investments. Against a background of negative interest rates, the Group has increased its position in alternative instruments, characterised by a higher yield, in order to better meet the guaranteed minimum yield rates in the segregated funds.

Liquidity risk arises when the Group has no available funds to meet the liquidity requirements of segregated funds and is unable to rapidly liquidate securities investments without suffering significant losses. The Group constantly carries out a careful analysis of its cash flows and sets specific investment thresholds 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 Regulation 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 consists of a balanced mix of hedged products with a predominantly savings component, unit-linked products without guarantees, with the remainder consisting of pure risk hedged products.

In relation to the nature of the business and composition of the portfolio, the main underwriting risks to which the Group is exposed are as follows:

- lapse risk, determined by changes in the level or volatility of the rates of 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 due to the relative proportion of annuity contracts in the Group's overall portfolio. Guaranteed option ratios are not provided for in the products in the portfolio.

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 constraints, 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 risk in setting the premium and margins, including in relation to contract placement and management/maintenance costs. The Group also ensures the continuous comparison and monitoring of market trends and foreseeable scenarios, calculates the capital requirement using the Solvency II Standard Formula, and makes 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 relating to insurance contracts in the "event of death" (whether term or whole life), the mortality tables used for pricing are prudential and risk exposure is monitored through a comparison between actual mortality and theoretical mortality rates drawn from such tables.

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 a capital sum in the event of death, the underwriting policy provides for the submission of suitable health documentation, which is more detailed according to the amount of capital to be insured and the age of 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 or linked to certain professions and/or sports activities).

The risk is assessed using the Standard Formula; the Group's exposure to underwriting risk is mainly linked to the risk of early cancellation and expenses.

The table below shows the concentration of direct gross premiums by line of business.

(in Euro thousand)

EUROVITA GROUP			
IAS Classification	Premiums in the first year	Premiums in subsequent years	Total
Rider	25	2.974	2.998
Indirect business	-	4.015	4.015
Insurance	11.870	138.701	150.571
Investment DPF	826.908	39.279	866.187
Investment	642.632	8.218	650.850
Grand total	1.481.434	193.187	1.674.621

The table below shows the concentration of technical provisions of direct gross business in the Life segment by level of cover offered.

Eurovita Group - Direct Business	
Amounts in Euro million	*December 2021*
Reserves with interest rate guarantees	9.890,0
from >= 0% to <=1%	6.580,5
from >1% to <=2%	2.144,0
from >2% to <=3%	539,6
from >3% to <=4%	626,0
Over 4%	-
Reserve for mortality risk	57,5
Reserves linked to specific assets	26,4
Unit-Linked Reserves	758,5
Other Technical reserves	292,3
Shadow accounting reserve	931,7
VIF - Value in force	78,7
Total	12.035,1

3 Counterparty default risk

Counterparty default risk (or "credit risk", or "default risk") means possible losses due to unexpected defaults or deterioration of the creditworthiness of the Group's 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 Group periodically monitors its exposure to this risk and has 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 Group operates 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 Group has 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. The Group has 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 determination 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, the Group has adopted a Risk & Control Self Assessment (RCSA) approach in order to control, mitigate and monitor operational risks. In particular, on an annual basis, the first-line functions, supported by the Risk Management Function, are asked to identify the main risk events to which the Group could be exposed, to assess them in terms of likelihood of occurrence and economic impact and to identify adequate mitigation actions if the risk level being assumed is considered unacceptable. The assessments conducted in financial year 2021 showed that the main sources of lasting operational risk for the Group are attributable to data quality issues in the portfolio systems being used, possible malfunctions of the information systems deriving from the integration initiatives in progress and possible breaches of data confidentiality associated with cyber attacks and, lastly, to malfunctions in the investment cycle for unit-linked policies.

Strategic risk is defined as the current or future risk of a drop in profits or capital arising from external factors, such as the 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 identifying 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 continuous assessment of the effectiveness of such measures.

Reputational risk is defined as the risk of deterioration of the corporate image and increased conflict with policyholders, also due to the poor quality of services offered, the selling of unsuitable policies, or the behaviour of the sales network. This risk is managed and monitored, including through the risk of non-compliance with rules, i.e. 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 December 2021 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 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 on the classification of the transaction and regarding the completeness of the documentation received. It also supports the company department involved in monitoring activities prior to the approval of transactions and starts 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 procedures for managing and keeping this list are set out in the Policy.

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

The most significant transactions with a value, 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, after receiving the documentation and information, examines the transaction and issues a reasoned opinion to the Board of Directors as to 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 to 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 more minor transactions, the documentation is sent to the Chief Executive Officer, who examines the transaction and authorises it where such task this falls within his or her remit. If the transaction does not fall within his or her remit, or if he or she considers it appropriate, an opinion is issued to the Committee as to 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 is recorded in specific reports.

3. Related party transactions carried out during the year

Pursuant to the applicable provisions on the subject, it should be noted that during 2021, no material related party transactions were identified:

Please see the Directors’ Report on Operations for the identification of 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.

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

	31/12/2021	31/12/2020
Eurovita S.p.A.	22.050	22.050
Total	22.050	22.050

The surplus of the acquisition cost of the shareholding in 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 information that came to light during 2021. It should be noted that despite the ongoing negative effects of the Covid-19 pandemic and the war in Ukraine, the sensitivity analyses carried out, the positive business trend witnessed in the first few weeks of 2022 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

	31/12/2021	31/12/2020
Eurovita S.p.A.	101.213	58.981
Eurovita Holding S.p.A.	39.380	123.734
Total	140.593	182.716

The item, equal to €140,593 thousand (€182,716 thousand in 2020) shows a decrease of €42,123 thousand compared with 2020, 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 31.12.2020	INCREASE	DECREASE	GROSS VALUE 31.12.2021	ACC. AMORT.	NET VALUE 31.12.2021
VIF	346.555	-	0	346.555	- 206.074	140.480
SOFTWARE	6.992	-	0	6.992	- 6.951	41
RECOVERIES	-	-	0	-	-	-
ASSETS IN PROGRESS	2.386	-	0	2.386	- 2.315	71
TOTAL	355.933	-	-	355.933	- 215.339	140.593

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 licences 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 (€28.6 million) was determined 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 €9.5 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 €3.6 million, calculated on the basis of the run-off of provisions;
- the residual component mainly refers to software and other assets under construction;

A breakdown of Other intangible assets (Item 1.2 Assets) separately indicating 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 measurement of the “right of use” deriving from the lease contracts on the property housing the head office and the 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

	31/12/2021	31/12/2020
Eurovita S.p.A.	17.393	18.636
Total	17.393	18.636

2.2 Other tangible assets

Starting from financial year 2020, this item includes measurement of the “right of use” deriving from the long-term rental contracts for cars allocated to employees of the Companies within the Group’s scope of consolidation.

A breakdown of the item by Company is given below:

Amounts in Euro thousand

	31/12/2021	31/12/2020
Eurovita S.p.A.	412	467
Eurovita Holding S.p.A.	120	73
Pramerica Life S.p.A.	-	275
Eurovita Agenzia Marketing S.r.l.	-	-
Total	532	816

Statement of changes in tangible fixed assets:

Amounts in Euro thousand

TOTAL IAS CONSOLIDATION	GROSS VALUE 31.12.2020	INCREASE	DECREASE	GROSS VALUE 31.12.2021	DEPRECIATION FUND 31.12.2020	DECREASE	AMORTIZATION OF THE PERIOD	DEPRECIATION FUND 31.12.2021	NET VALUE 31.12.2021
CARS	681	90	- 15	756	- 357	-	- 151	- 508	248
FURNITURE AND FIXTURES	2.966	-	-	2.966	- 2.771	-	- 73	- 2.844	122
ELECTRONIC MACHINES	1.354	-	-	1.354	- 1.133	-	- 115	- 1.248	106
PLANTS AND EQUIPMENT	824	-	-	824	- 748	-	- 19	- 767	57
TOTAL	5.825	90	- 15	5.900	- 5.010	-	- 358	- 5.368	532

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 head offices and offices and for the leasing of cars.

ii. Right-of-use assets

Amounts in Euro thousand

	BUILDING	CARS	TOTAL
Balance at January 1st, 2021	18.636	324	18.960
Depreciation for the year	- 1.242	- 151	- 1.393
Increase for Right of Use	-	90	90
Disposal assets for Right of Use	-	- 15	- 15
Balance at December 31, 2021	17.393	248	17.641

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

Amounts in Euro thousand

	TOTAL 2021
Depreciation of assets for Right of Use	1.393
Interest expenses on leasing liabilities	456
Costs on short-term or modest value on leases	60
Total impact on P&L	1.910

Short-term lease costs (i.e. contracts expiring on or before 31 December 2021) or relating to assets with a low unit value (less than €5 thousand) 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" assets recognised in the financial statements.

iv. Right-of-use liabilities

The following table sets out the maturities of lease liabilities:

Amounts in Euro thousand

	Value at 31.12.2021	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	18.246	7.900	1.674	6.225	13.690

3. Technical provisions borne by reinsurers

The technical provisions borne by reinsurers, including business ceded and retroceded, amounted to €270,608 thousand (€358,480 thousand in 2020), with a total decrease of €87,872 thousand compared with 31 December 2020. This decrease mainly reflects the process of maturity, taking place for several years, of the former ERGO Previdenza portfolio ceded to reinsurance.

Amounts in Euro thousand

	Value at 31/12/2021	Value at 31/12/2020	Change
Mathematical Provisions	222.774	219.822	2.952
Provisions for complementary insurance	543	587	-44
Outstanding claims provisions	46.756	137.445	-90.689
Provisions for profit sharing	230	239	-9
Claims reserve - Non-life business	305	353,57	-49
Unearned premium reserve - Non-life business	0	33,29	-33
Total Amounts ceded to reinsurers	270.608	358.480	-87.871

The performance of the technical provisions borne by reinsurers reflects the evolution of the recurring annual premium portfolio and of the term life and supplementary policies of the portfolio ceded. The mathematical provisions borne by reinsurers were calculated by applying the same criteria used for gross provisions.

Premium provisions for 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.

81.22% of the technical provisions borne by reinsurers are covered by deposits from the same reinsurers.

4. Investments

4.4 Loans and receivables

The following table shows the breakdown of loans and receivables totalling €258,329 thousand, by type of investment compared with the corresponding values at the end of the previous financial year (€616,546 thousand in 2020).

Amounts in Euro thousand	31/12/2021		31/12/2020		Change	
	Book value	Fair Value	Book value	Fair Value	Book value	Fair Value
Other loans and receivables	22.815	22.815	14.353	14.353	8.462	8.462
Debt securities	166.321	183.198	529.495	592.834	- 363.174	- 409.637
Deposits with reinsurers	69.193	93.042	72.698	104.910	- 3.505	- 11.868
Total Loans and Receivables	258.329	299.055	616.546	712.097	- 358.216	- 413.042

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

- loans amounting to €22,815 thousand, which includes €10,769 thousand relating to loans on policies;
- deposits with ceding entities totalling €69,193 thousand;
- debt securities, including related accrued income of €166,321 thousand.

Debt securities consist of private placement issues and unlisted bonds; at the end of the year, this category showed a net latent capital gain of €16,877 thousand.

At year-end, this asset category showed an unrealised net capital gain of €5,323 thousand.

4.5 Available-for-sale financial assets

A 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	31/12/2021			31/12/2020		
	Amort. cost	Book value	Equity Reserve	Amort. cost	Book value	Equity Reserve
Debt securities	9.296.502	10.074.326	777.823	9.235.495	10.618.316	1.382.822
of which, listed	*9.256.314*	*10.035.901*	*779.586*	*9.195.306*	*10.578.347*	*1.383.041*
UCI / ETF units	1.383.131	1.359.188	- 23.943	1.352.456	1.360.884	8.428
Equity securities at fair value	21.169	21.801	632	21.327	21.368	41
of which, listed	-	-	-	-	-	-
of which, not listed	*21.169*	*21.801*	*632*	*21.327*	*21.368*	*41*
Total Financial Assets AfS	10.700.802	11.455.315	754.512	10.609.278	12.000.569	1.391.291

Available-for-sale financial assets totalled €11,455 thousand, a decrease on the €12,001 thousand recorded at the end of 2020.

The equity reserve (understood as the difference between amortised cost and fair value) equal to €754,512 thousand at 31 December 2021 (€1,391,291 thousand at the end of the previous financial year) decreased due to the negative change in the interest rate curve and increase in the spread on Italian government bonds.

"UCI/ETF Units", amounting to €1,359,188 thousand, consist of a variety of investment categories that include monetary units/shares (€25,999 thousand), investment grade and high-yield bonds (€510,174 thousand) and other types of closed-end funds or funds with a limited-entry window (€823,015 thousand); the latter are diversified between Private Equity, Infrastructure Equity, Real Estate Equity, Infrastructure

Debt, Real Estate Debt, Loan Debt, and Direct Lending subdivided into 37 specialised instruments. The equity reserve for this latter category (-€23,943 thousand) decreased compared with the end of the previous year (€8,428 thousand).

The item "Equity securities at fair value" (€21,801 thousand) constitutes a residual weight in line with the equity risk limitation policy. This characteristic was also confirmed in 2021 with a portfolio that continued to consist of shares in Italian banking institutions and other unlisted financial companies linked to the Company through distribution agreements, as well as 400 shares in the Bank of Italy totalling €10 thousand thousand.

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 2021, write-downs of bank investments of €158 thousand (€4,084 thousand in 2020) and of AIF units of €5,221 thousand (€2,462 thousand in 2020) were recognised, the latter being mainly related to Direct Lending sub-funds (€4,780 thousand).

The Company holds investments in private asset funds (mainly private debt) of €823 million, which represent 4.4% of the Investments item.
Considering certain valuation uncertainties related to the difficulties faced by some borrowers due to Covid, the Company has decided to reduce the market value of the private asset funds by approximately €38 million compared with the value based on the last available NAVs. This amount will be reviewed on receipt of the audited financial statements of the funds in which the Company has invested.

Since these are mainly closed-end alternative investment funds (AIFs), it is not possible to request the redemption of units and any reduction in exposure would be through secondary market transactions. Transactions on the secondary market for closed funds normally take place at lower values than the last available NAVs. It should also be noted that, as at 31 December 2021, committed and uncalled capital amounted to approximately €185 million.

4.6 Financial assets measured at fair value through profit or loss

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

Amounts in Euro thousand

	31/12/2021	31/12/2020	Change
Hedge derivatives	19.166	42.187	- 23.021
Non-hedge derivatives	7.320	8.073	- 753
Debt securities	3.076	7.947	- 4.871
of which, listed	2.974	2.935	39
of which, not listed	102	5.012	- 4.910
Equity securities at fair value	-	-	-
of which, listed	-	-	-
Assets held for trading	*29.562*	*58.207*	*- 28.645*
Debt securities	69.316	81.946	- 12.630
of which, listed	69.316	81.946	- 12.630
of which, not listed	-	-	-
UCI / ETF units	6.933.093	6.634.940	298.153
Equity securities at fair value	27.625	9.629	17.996
of which, listed	27.625	9.629	17.996
of which, not listed	-	-	-
Other Financial investments	17.348	19.013	- 1.665
Assets designated at fair value	*7.047.382*	*6.745.528*	*301.854*
Total Financial Assets at Fair Value through P&L	7.076.944	6.803.735	273.209

Financial assets measured at fair value through profit or loss totalled €7,076,944 thousand, an increase compared to 2020, when they stood at €6,803,735 thousand.

Among the investments held for trading, the Debt securities item includes structured bonds for which it was decided not to proceed with the stripping out of embedded derivatives (€3,076 thousand) in addition to derivative components (€7,320 thousand) 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 and 2021 (€19,166 thousand), which improved by a total of €34,988 thousand compared with the previous financial year if considered after deducting the item recognised in financial liabilities for contracts with a negative value; the relevant change in fair value was booked to shareholders' equity in the Reserve for expected cash flow hedges item. During 2021, nine forward contracts expired, which led to related changes in the underlying bonds classified under the Available-for-sale assets item.

Also in 2021, 51 new forward contracts were entered into for the forward sale of Italian government bonds and the purchase of government bonds of core euro area countries.

The item Financial assets designated at fair value includes investments for the benefit of life policyholders who bear the risk thereof ((comprising 80 internal unit-linked funds divided into 159 classes and 1,711 external unit-linked funds), which amounted to €7,048.8 million at 31 December 2021 (€6,745.5 million in 2020).

The following is a restatement of the overall bond portfolio by issuer risk which does not take into account the Assets designated at fair value portion:

Amounts in Euro thousand	Breakdown of debt securities by issuer risk				
	Nominal Value	Amortized cost	Book value	Equity reserve	Fair Value
ITALIAN GOVERNMENT	2.802.583	3.247.297	3.661.034	413.738	3.661.034
SPANISH GOVERNMENT	972.671	1.097.895	1.189.275	91.380	1.189.275
PORTUGUESE GOVERNMENT	955.060	1.057.304	1.158.717	101.413	1.158.717
FRENCH GOVERNMENT	641.753	609.006	652.923	43.917	652.923
BELGIAN GOVERNMENT	413.872	435.543	465.986	30.443	465.986
IRISH GOVERNMENT	267.825	269.731	277.378	7.647	277.378
REGION WALLONE BELGIUM	179.800	184.182	181.270	-2.912	181.270
COMMUNITY OF MADRID	128.247	144.074	150.121	6.047	150.121
AUTONOMOUS REGION OF THE AZORES	147.200	148.268	149.115	847	149.115
EUROPEAN UNION	132.281	138.760	139.512	752	139.512
LAND NORDRHEINWESTFALEN	115.825	135.821	126.494	-9.327	126.494
JUNTA DE CASTILLA Y LEON	114.700	118.987	126.220	7.233	126.220
AUSTRIAN GOVERNMENT	135.665	112.550	113.612	1.063	113.612
SLOVAKIAN GOVERNMENT	95.740	99.099	107.354	8.255	107.354
NRW BANK	91.850	97.790	95.602	-2.188	101.996
SLOVENIAN GOVERNMENT	83.645	86.188	89.731	3.543	89.731
AGENCE FRANCE LOCALE	87.200	86.367	86.501	135	86.501
FINNISH GOVERNMENT	86.165	69.711	79.152	9.441	79.152
AUTONOMOUS COMMUNITY OF CATALUNYA	49.650	61.095	69.783	8.689	69.783
THE FLEMISH COMMUNITY	62.000	61.555	62.448	894	62.448
OTHER ISSUERS =< €60M	1.179.078	1.204.679	1.261.493	56.814	1.271.976
Total	8.742.809	9.465.900	10.243.723	777.823	10.260.599

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

	31/12/2021	31/12/2020
Eurovita S.p.a.	25.552	27.511
Pramerica Life S.p.A.	-	3.024
Total	25.552	30.535

Amounts in Euro thousand

	Value at 31/12/2021	Value at 31/12/2020	Change
Receivables from policyholders for late premium payments	24.165	28.496	- 4.331
Receivables from insurance brokers	1.387	2.039	- 653
Total Receivables arising out of direct insurance operations	25.552	30.535	- 4.984

Receivables deriving from direct insurance transactions amounted to €25,552 thousand, compared with €30,535 thousand in 2020. The decrease is mainly attributable to improved processes linked to collection operations and to portfolio harmonising operations carried out during the financial year.

It should also be noted that a significant amount of receivables relating to the late payment of premiums earned in 2021 was collected in the first few months of 2022, while the portion of previously generated receivables not covered by the mathematical provision was fully written down.

The balance of receivables from agents arising from direct insurance transactions takes into account the provision for bad debts of €2,142 thousand; for the purpose of completeness, the following detailed table shows the amount of the provision for bad debts relating to insurance receivables:

Amounts in Euro thousand

Allowance for doubtful accounts	Value at 31/12/2021	Value at 31/12/2020	change
Receivables from policyholders for late premium payments	1.442	2.099	- 658
Receivables from insurance brokers	2.142	2.293	- 151
Total Allowance for doubtful accounts	**3.584**	**4.393**	**- 809**

As mentioned above, the improvement in processes linked to collection operations and the portfolio harmonising operations carried out during the year resulted in the consequent release of the relevant provision for bad debts for premiums in arrears.

In addition, the portion of previously generated receivables for arrears exceeding 12 months not covered by the mathematical provision was fully written down.

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

	31/12/2021	31/12/2020
Eurovita S.p.a.	33.031	3.610
Pramerica Life S.p.A.	-	54
Total	33.031	3.664

The breakdown of the item is as follows:

Amounts in Euro thousand

	Value at 31/12/2021	Value at 31/12/2020	change
Receivables reinsurance companies	32.786	3.419	29.367
Receivables from reinsurance brokers	246	246	-
Total Receivables arising out of reinsurance operations	**33.031**	**3.664**	**29.367**

Receivables deriving from reinsurance transactions increased from €3,664 thousand at 31 December 2020 to €33,031 thousand at 31 December 2021. The increase is due to the temporary suspension of the adjustment of the statements of account for 2020, which overall show a high debt position for the Company, which would naturally have decreased during 2021 due to recovery of the sums paid under the main treaties. The 2021 generation adjustments that offset the 2020 debt position were reflected in the cash flows in the first few weeks of 2022.

5.3 Other receivables

The following table details the relevant information by company:

Amounts in Euro thousand

	31/12/2021	31/12/2020
Eurovita S.p.A.	38.635	36.714
Agenzia Eurovita S.r.l.	-	2
Eurovita Holding S.p.A.	17.684	13.822
Pramerica Life S.p.A.	-	653
Eurovita Agenzia Marketing S.r.l.	-	120
Total	56.319	51.310

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 31/12/2021	Value at 31/12/2020	change
Tax credit	41.882	37.543	4.339
Receivables from financial operators	9.874	8.591	1.282
Other receivables	4.564	5.176	-612
Total Other receivables	56.319	51.310	5.009

The following table shows the breakdown of tax receivables at 31 December 2021:

Amounts in Euro thousand

	Value at 31/12/2021	Value at 31/12/2020	change
Receivables for prepaid tax stamp	16.222	9.496	6.726
Tax credit for refund claims	2.582	8.790	-6.207
Interest on tax credit for refund claims	1.787	1.963	-176
Tax credit for IRES	15.415	11.343	4.072
Refund tax credit	513	1.853	-1.340
Insurance tax credit	1.862	1.739	123
Other tax credit	3.501	2.359	1.142
Total Tax Credit	41.882	37.543	4.339

Receivables from financial operators consist of Asset Managers' retrocession of part of the management fees levied on the Class D portfolio invested in External Funds. These financial items are usually settled by the end of the quarter following the quarter in question.

The following table shows the breakdown of Other receivables at 31 December 2021:

Amounts in Euro thousand

	Value at 31/12/2021	Value at 31/12/2020	change
Trade receivables	1.772	1.221	551
Sundry receivables	474	1.287	-813
Receivables for subscriptions	2	2	-0
Receivables for management fees	1.472	1.404	69
Receivables for fund certification charges	425	486	-61
Sundry receivables for Life payments	418	777	-358
Total Other receivables	4.564	5.176	-612

6. Other asset items

6.2 Deferred acquisition costs

The following table details the relevant information by company:

Amounts in Euro thousand

	31/12/2021	31/12/2020
Eurovita S.p.A.	22.678	37.187
Pramerica Life S.p.A.	-	12.641
Total	22.678	49.827

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

Amounts in Euro thousand

	Value at 31/12/2020	Unwind due to renewal failure	Unwind for installment amort.	New Business	Value at 31/12/2021
Direct business	49.827	5.284	21.888	22	22.678
Total Deferred Acquisition Costs	49.827	5.284	21.888	22	22.678

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 have been offset when they refer to the same type of tax. For the year 2021, deferred taxes exceeded prepaid taxes, entailing a liability of €55,497 thousand (deferred tax liabilities of €82,235 thousand were also recognised in 2020).

6.4 Current tax assets

The following table details the relevant information by company:

Amounts in Euro thousand

	31/12/2021	31/12/2020
Eurovita S.p.A.	282.921	270.237
Eurovita Holding S.p.A.	27	1
Agenzia Eurovita S.r.l.	-	23
Pramerica Life S.p.A.	-	27.075
Eurovita Agenzia Marketing S.r.l.	-	11
Total	282.948	297.347

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

Amounts in Euro thousand

	Value at 31/12/2021	Value at 31/12/2020	Change
I.R.E.S. (corporate income tax) credit	1.441	800	642
I.R.A.P. (regional tax on productive activities) credit	5.229	4.254	975
Tax credit on Mathem. Provisions	276.278	292.294	-16.017
Total Current tax assets	282.948	297.347	-14.399

The item consists of the tax credit for the drawing of €276,278 thousand from the mathematical provisions established by Decree-Law No. 209 of 24/9/2002, converted into Law No. 265 of 22/11/2002.

6.5 Other assets

The following table details the relevant information by company:

Amounts in Euro thousand

	31/12/2021	31/12/2020
Eurovita S.p.A.	72.806	106.764
Eurovita Holding S.p.A.	260	244
Agenzia Eurovita S.r.l.	-	1
Pramerica Life S.p.A.	-	416
Eurovita Agenzia Marketing S.r.l.	-	-
Total	73.066	107.424

This macro-item may be broken down as follows:

Amounts in Euro thousand

	Value at 31/12/2021	Value at 31/12/2020	change
Comm. to be amort. on invest. contracts	40.945	44.688	- 3.743
Accrued income	6.123	5.783	340
Prepayments	1.700	1.753	- 52
Deferred income	24.298	55.201	- 30.903
Total Other assets	73.066	107.424	-34.358

The item decreased by €34,358 thousand, mainly due to the €29,960 thousand decrease in deposits on forward contracts, the €941 thousand decrease attributable to securities to be settled over two years (including in the Other assets item) and a €3,743 thousand decrease in deferred acquisition costs relating to contracts classified as Investments.

Accrued income mainly refers to the accrual of management fees at the reporting date which mainly affect external funds.

The change in deferred acquisition costs relating to contracts classified as investments according to IFRS 4, which constitute 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	31/12/2020	Changes in portfolio	Unwind for installment amort.	New Business	31/12/2021
DOC	44.688	5.115	10.164	11.536	40.945

7. Cash and cash equivalents

Cash and cash equivalents, equal to €36,083 thousand, 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

	31/12/2021	31/12/2020
Eurovita S.p.A.	35.478	21.140
Agenzia Eurovita S.r.l.	-	1.122
Eurovita Holding S.p.A.	10	1
Pramerica Life S.p.A.	-	6.019
Eurovita Agenzia Marketing S.r.l.	595	93
Total	36.083	28.375

Particular attention was paid to the management of banking risk, which generally confirmed a reduction in deposits and a reduction in diversification towards individual exposures, despite the levels at the end of the financial year being affected by investment difficulties in the last days of the year.

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, 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 equity transactions

Amounts in Euro thousand

BREAKDOWN OF INTERCOMPANY ITEMS AT 31.12.2021	Eurovita Holding S.p.A.	Eurovita S.p.A.	Eurovita Agenzia Marketing S.r.l.	Total
<u>Assets</u>				
Loans - Receivables				
Eurovita S.p.A.				
Other Receivables				
Eurovita Holding S.p.A.		1.798		1.798
Other Assets				
Eurovita Holding S.p.A.		8.870		8.870
Eurovita S.p.A.	23.651			23.651
Eurovita Agenzia Marketing S.r.l. in liquidazione		2		2
Eurovita S.p.A.				
Total assets	23.651	10.670	-	34.321
<u>Liabilities</u>				
Provisions				
Eurovita S.p.A.				-
Other financial liabilities				
Eurovita Holding S.p.A.				-
Payables arising out of direct insurance operations				
Eurovita S.p.A.	1.798			1.798
Payables				
Eurovita Holding S.p.A.		23.651		23.651
Eurovita S.p.A.	8.870		2	8.872
Eurovita Agenzia Marketing S.r.l. in liquidazione				
Other liabilities				
Total liabilities	10.668	23.651	2	34.322

Statement of financial position - Liabilities

1. Shareholders’ equity

A breakdown of shareholders’ equity is shown in the following table:

Amounts in Euro thousand

SHAREHOLDERS' EQUITY	31/12/2021	31/12/2020	change
Share capital	1.000	1.000	-
Other equity instruments	-	-	-
Capital reserves	198.300	198.300	-
Revenue reserves and other reserves	293.392	321.287	- 27.895
(Own shares)	-	-	-
Reserve for currency translation differences	-	-	-
Reserve for unrealized gains and losses on AfS financial assets	- 11.823	29.432	- 41.255
Reserve for other unrealized gains and losses through equity	19.494	- 503	19.998
Result of the period	8.332	- 27.739	36.072
Group capital	508.695	521.777	- 13.081
Third parties capital and reserves	904	728	177
Reserve for other unrealized gains and losses through equity	37	62	- 24
Result of the period	67	21	46
Third parties capital	1.009	810	199
Total Shareholders' Equity	509.704	522.587	- 12.883

A breakdown by type of shareholders’ equity items is provided in the financial statements.

The decrease of €12,883 thousand compared with the end of 2020 was mainly due to:

- profit for the period of €8,332 thousand, essentially due to the result of subsidiary Eurovita S.p.A., which improved markedly on the previous year, as already stated in the Report on Operations, and the lesser impact of the consolidation entries relating to the PPA for the former Ergo Previdenza;
- a decrease in the AFS reserve (net of the shadow accounting effect) totalling €41,255 thousand, related to the market trend and to the sale of securities recognised in the class;
- 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 (€19,998 thousand).

2. Provisions

The following table details the relevant information by company:

Amounts in Euro thousand

	31/12/2021	31/12/2020
Eurovita S.p.A.	11.431	18.542
Eurovita Holding S.p.A.	102	102
Pramerica Life S.p.A.	-	155
Eurovita Agenzia Marketing S.r.l.	-	50
Total	11.533	18.849

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

As the amount is significant, here is a summary of the changes in provisions at 31 December 2021 of Eurovita S.p.A., net of intercompany items that were derecognised in the consolidation process:

Amounts in Euro thousand

	Amount at 31/12/2020	Increase	Decrease	Amount at 31/12/2021
Tax litigation	1.224	0	-1.224	0
Provisions for defaulted index-linked policies	2.362	0	-65	2.297
Sundry disputes with third parties	5.688	300	-4.400	1.588
Dormant policies	1.000	0	0	*1.000*
Other accrual	4.688	300	-4.400	*588*
Agency network provisions	1.483	310	0	1.793
Litigation with agency network	847	0	-261	586
Sundry disputes with customers	2.438	600	-300	2.738
Other personnel provisions	4.501	300	-2.372	2.429
Total Provisions	18.542	1.510	-8.622	11.431

The changes during financial year 2021 are discussed below:

Tax litigation:

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

- €855 thousand had been set aside in previous years for the tax dispute relating to the refusal to refund the 1998 IRAP payment, the relevant interest and the estimated legal expenses. The appeal was rejected by the Rome Provincial Tax Commission and in 2021 the Lazio Tax Commission also refused a refund. Given that the Company had already allocated a provision in 2015 that fully covered the amount of the receivable, and having consulted tax advisors, it deemed it appropriate to write off the position and not pursue the case in the Court of Cassation.

- during 2020, the Court of Cassation confirmed the decisions already handed down by the Rome Provincial Tax Commission and the Rome Regional Tax Commission regarding the right to obtain IRES and IRAP refunds for the years 2003 and 2004 amounting to €1,892 thousand plus accrued interest. During 2021, the Italian Revenue Agency refunded all the credit for 2004, amounting to €330, plus interest of €104, and the 2003 IRAP credit, amounting to €211, plus interest of €75. The Company is still awaiting a refund of the 2003 IRES credit of €1,352 plus interest.

in respect of the merged former Old Mutual Wealth Italy S.p.A.:

- The Company, having consulted a number of tax advisors, decided to write off the position of €369 thousand 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. In 2015, the Company had appealed to the Court of Cassation, against which the Italian Revenue Agency filed a counterclaim.

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. The change during the year is due to the definition of certain positions for the renewal of clauses on capitalisation contracts in the amount of €4 thousand thousand.

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 whom individual settlement agreements will be defined in the future. During the year, amounts of €65 thousand were paid out and the total amount set aside at 31 December 2021 was €2,297 thousand.

Agency network provisions:

- Restructuring of the agency network: following the closure of the agency channel, in the fourth quarter of the previous year, additional provisions of €311 thousand were made during the year for restatements and additional expenditure forecasts for the portfolio subject to closure.

Miscellaneous agency network disputes:

Provisions for litigation with the agency network. This includes allocations for the risk of losing pending disputes with former agents. The provision decreased by €261 thousand due to 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 €2,738 thousand at 31 December 2021. The change during the financial year mainly relates to new provisions of €600 thousand and to decreases due to drawings of €300 thousand to settle disputes.

Other provisions relating to personnel:

These provisions include amounts set aside for retention bonuses, redundancy payments and other expenses for employed personnel, and amounted to €2,429 thousand at 31 December 2021. The change during the year relates to new provisions of €300 thousand - an estimate of the arrears payable to employees for the renewal of the Ania national collective bargaining agreement, which is currently being negotiated, and the run-off of €2,527 thousand for payments for the year to the solidarity fund, for personnel participating in the redundancy incentive procedure/draw-down of the fund on 16 July 2020, and the reclassification to liabilities of the residual debt deriving from the precise definition of each individual position for subsequent years.

3. Technical provisions

The following table details the relevant information by company:

Amounts in Euro thousand

	31/12/2021	31/12/2020
Eurovita S.p.A.	12.105.843	11.291.422
Pramerica Life S.p.A.	-	1.631.940
Total	12.105.843	12.923.362

The relevant breakdown is shown in the following tables:

Amounts in Euro thousand

	Value at 31/12/2021	Value at 31/12/2020	change
Insurance provisions - Life	11.094.651	11.147.093	- 52.442
Insurance provisions - Non-Life	788	1.063	- 276
Shadow accounting	931.670	1.656.437	- 724.767
VIF - Value in force	78.734	118.768	- 40.035
Total Insurance Provisions	12.105.843	12.923.362	- 817.519

A breakdown by type of technical provisions, broken down into 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 decreased by €782.5 million, from €12,923.4 million in 2020 to €12,105.8 million at 31 December 2021, mainly due to the €724,767 thousand decrease in the shadow accounting reserve, the €40,035 thousand decrease in the negative VIF related to contracts of the former Eurovita Assicurazioni S.p.A., and the €52,442 thousand decrease in the Life technical provision, in line with negative net premiums.

As can also be seen from the table above, the technical provisions also include €78,734 thousand 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.

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

Amounts in Euro thousand	Value at 31/12/2021	Value at 31/12/2020		change
Total insurance reserves - Life	**12.105.056**	**12.922.299**	**-**	**817.243**
Mathematical Reserve	9.927.012	10.026.345	-	99.334
Reserve for premium recoveries	46.927	31.921		15.005
Reserve for rate expiry risk	24.317	19.537		4.780
Reserve per demographic basis adjustments	7.708	9.999	-	2.292
Reserves for indirect business	69.193	72.698	-	3.505
Reserve for surrenders	121	444	-	323
Reserve for mortality risk	2.364	7.082	-	4.717
Reserves for special redemptions	45.410	35.500		9.910
Reserves for Class D	758.510	615.966		142.544
Reserves for supplementary insurance	3.276	4.380	-	1.103
Outstanding Reserve	152.921	321.941	-	169.020
LAT - Liability Adequacy Test	56.892	1.280		55.612
Shadow accounting reserve	931.670	1.656.437	-	724.767
VIF	78.734	118.768	-	40.034
Total insurance reserves - Non-Life	**788**	**1.063**	**-**	**276**
Unearned premium reserve	-	154,26	-	154
Claims reserve	788	908,93	-	121
Total insurance reserves	**12.105.843**	**12.923.362**	**-**	**817.519**

The change in the provision pursuant to Article 1801, decrease in rates, was mainly affected by drop in 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 2021 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 whether the ***statutory reserve*** (value of all contractual provisions) net of the intangible assets linked to contracts (Deferred Acquisition Costs 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** equals the sum of the following items:

Actuarial reserve, including revaluation, provision for expenses, and additional reserve 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 the 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), existing at 31 December 2021.

The **realistic reserve** is defined as follows:

(+) present value of the Company's commitments (maturities, redemptions, deaths, coupons, annuities)

(-) present 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 present 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 differentiating parameters, such as pricing structure, minimum guaranteed rate, retrocession rates, and the segregated fund in question.

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

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

With regard to the financial assumptions for the prospective return on 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 provisions, the realistic provision, deriving from the discounting of cash flows, was reproportioned, for each type of management, according to the proportion of provisions in the financial statements of the modelled contracts.

For active reinsurance contracts, the realistic reserve was obtained on the basis of the 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, proved they were sufficient for all business lines except for Eurovita 2000, for which an additional reserve was created.

Provisions by product are shown in the table below:

Amounts in Euro thousand

Management	Statutory Reserve (a)	Shadow Accounting Reserve (b)	VIF (c)	DAC (d)	Realistic Reserve (e)	Reserve Margin (e)=(a)+(b)+(c)-(d)-(e)
Eurovita Euroriv	3.778.148	261.035	46.158	1.757	3.731.556	352.029
Eurovita Primariv	1.589.800	175.175	60.338	-	1.824.275	1.038
Eurovita Nuovo Secolo	2.879.659	249.072	- 34.876	10.357	2.627.826	455.673
Eurovita Nuovo PPB	405.699	33.252	-	-	493.251	- 54.299
Eurovita 2000	9.427	2.553	-	-	14.573	- 2.593
Eurovita Futuriv	12.977	1.281	- 2.723	-	11.335	200
Eurovita Smart	36.105	2.920	- 33	-	35.430	3.562
Fondo Eurovita	91.886	24.550	9.731	-	104.726	21.440
Eurovita Financial	1.159.605	177.330	- 40.596	8.836	1.084.647	202.857
Eurovita Previ	18.885	4.236	1.345	-	21.402	3.063
Unit Linked	761.434	-	- 544	-	595.832	165.059
Others	65.170	-	- 38.983	1.728	24.459	0
Indirect business	69.193	-	- 4.504	-	63.047	1.642
Total	**10.877.990**	**931.404**	**- 4.687**	**22.678**	**10.632.358**	**1.149.671**

4. Financial liabilities

4.1 Financial liabilities measured at fair value through profit or loss

A breakdown of this item is shown below:

Amounts in Euro thousand

	Value at 31/12/2021	Value at 31/12/2020	change
Financial liabilities - Investment contracts	6.344.218	6.176.135	168.083
Non-hedge derivatives	-	-	-
Hedge derivatives	36.104	94.114	-58.010
Total fin. liabilities at fair value through P&L	**6.380.322**	**6.270.249**	**110.073**

This item includes liabilities of €6,344,218 thousand for financial contracts at 31 December 2021 (€6,176,135 thousand at 31 December 2020) and negative hedge derivatives totalling €36,104 thousand (€94,114 thousand at 31 December 2020).

Hedge derivatives amounted to €36,104 thousand and related to forward contracts, the balancing entry for which was recognised in the cash flow hedge reserve, recognised in shareholders' equity net of the related tax effects.

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.

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 31/12/2021	Value at 31/12/2020	change
Subordinated liabilities	158.852	158.779	73
Deposits Forward	2.680	0	2.680
Deposits received from reinsurers	219.790	215.101	4.689
Total Other financial liabilities	**381.322**	**373.880**	**7.442**

The item includes deposits received from reinsurers of €219,790 thousand, up by €4,689 thousand compared with 2020, mainly due to the increase in ceded mathematical provisions. Provisions for amounts payable by reinsurers do not affect the trend observed for deposits. The remuneration of deposits is essentially linked to certified rates of return on segregated funds.

Deposits received from reinsurers are correlated with reinsurers' provisions at year end. The reduction described above is therefore linked to the decrease in provisions 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 2021 (€158,852 thousand) 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 31/12/2021
Bond loan	5.000	01/10/2015	01/10/2025	4,75%	5.009
Bond loan	40.000	22/12/2015	22/12/2025	6,00%	40.229
Bond loan	115.000	21/02/2020	21/02/2030	6,75%	113.614
Total Subordinated liabilities	160.000				158.852

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 31/12/2021	Value at 31/12/2020	change
Eurovita S.p.A.	28.967	25.166	3.801
Pramerica Life S.p.A.	-	4.243	- 4.243
Total	28.967	29.408	- 441

Payables from direct insurance transactions decreased slightly compared with 31 December 2020, from €29,408 thousand to €28,967 thousand.

The item "Payables deriving from direct insurance transactions" includes amounts for commissions, fees and rappels due to the network on premiums collected during the financial year, mainly settled during the early months of 2022 and entirely relating to Eurovita S.p.A.

5.2 Payables deriving from reinsurance transactions

The following table details the relevant information by company:

Amounts in Euro thousand

	Value at 31/12/2021	Value at 31/12/2020	change
Eurovita S.p.A.	18.529	69.267	- 50.738
Pramerica Life S.p.A.	-	793	- 793
Total	18.529	70.059	- 51.530

As shown in the previous table, the item decreased from €70,059 thousand at 31 December 2020 to €18,529 thousand at the end of 2021.

The decrease of €51,530 thousand compared with the previous year was mainly due to the phenomenon described in the receivables section relating to the suspension of adjustments to the statements of account for last year and this year for the main treaties.

5.3 Other payables

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

Amounts in Euro thousand

	31/12/2021	31/12/2020
Eurovita S.p.A.	61.900	50.404
Agenzia Eurovita S.r.l.	-	57
Eurovita Holding S.p.A.	108.681	118.712
Pramerica Life S.p.A.	-	6.415
Eurovita Agenzia Marketing S.r.l.	68	192
Total	170.649	175.780

Amounts in Euro thousand

	Value at 31/12/2021	Value at 31/12/2020
Employees' severance indemnities	977	1.921
Miscellaneous tax payables	12.674	6.456
Payables to pension and social security institutions	2.066	1.890
Trade payables	11.490	13.988
Sundry payables	9.684	16.628
Loan from Holdco	115.511	115.511
Financial liabilities IFRS16	18.246	19.388
Total	170.649	175.780

A detailed discussion of 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 standards;
- *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 thousand 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 €55,497 thousand, refer to net deferred taxes relating to Group companies. As required by accounting standard IAS 12.74, deferred and prepaid taxes were offset as they referred to the same type of tax.

In detail, prepaid and deferred taxes mainly derive from the following temporary differences in value adjustments, taxed risk provisions, deferred commission income and expense, the valuation of "long-term" securities according to tax principles, the valuation of securities available-for-sale and shadow accounting.

This item also includes the deferred tax liabilities of Eurovita Holding S.p.A. arising from temporary differences generated by allocation of the €55,838 thousand purchase price to Ergo Previdenza S.p.A..

6.3 Current tax liabilities

The following table details the relevant information by company:

Amounts in Euro thousand

	31/12/2021	31/12/2020
Eurovita S.p.A.	53.052	41.863
Agenzia Eurovita S.r.l.	-	-
Eurovita Holding S.p.A.	13.066	136
Pramerica Life S.p.A.	-	6.485
Eurovita Agenzia Marketing S.r.l.	1	26
Total	66.119	48.510

This item includes the portion for the period of tax on mathematical provisions, established in Decree-Law No. 209 of 24.9.2002, converted into Law No. 265 of 22.11.2002, equal to €47,578 thousand (€41,863 thousand in the previous year), unpaid at year-end, the estimated Group IRES of €13,066 thousand and the estimated IRAP of €5,474 thousand payable by the subsidiary Eurovita S.p.A.

6.4 Other liabilities

The following table details the relevant information by company:

Amounts in Euro thousand

	31/12/2021	31/12/2020
Eurovita S.p.A.	40.623	53.394
Eurovita Holding S.p.A.	2.335	2.426
Pramerica Life S.p.A.	-	1.293
Total	42.958	57.112

As shown in the table above, the change observed in the item is mainly due to the decrease recorded for Eurovita S.p.A.

A breakdown of the item is therefore shown below. The change is essentially due to lower suspended transactions of €12,654 thousand and lower incentive costs for agents due to the closure of the agency network in the previous year, net of higher employee-related costs of €1,750 thousand and the increase in other liabilities of €2,289 thousand.

Amounts in Euro thousand

	Value at 31/12/2021	Value at 31/12/2020	change
Deferred commission income	2.449	3.574	-1.125
Suspended premiums collected	21.265	33.918	-12.654
Commissions to be paid on late premiums	0	0	0
Rappels and agency network contributions	131	3.224	-3.093
Personnel expenses	5.285	3.536	1.750
Accrued liabilities and deferred income	8.538	8.475	62
Other liabilities	2.956	667	2.289
Total Other Liabilities	40.623	53.394	-12.771

The changes in commission income on investment contracts are attached:

Amounts in Euro thousand

Investment Products	31/12/2020	Changes in portfolio	Unwind for installment amort.	New Business	31/12/2021
DIR	3.574	208	1.456	539	2.449

For the deferred acquisition costs on investment contracts, and also for the deferred income reserve (DIR), the decrease is mainly due to a contraction in new business related to unit-linked products.

Income statement

Details of the income statement items are provided below, with the balances at 31 December 2021 compared on a like-for-like basis with the balances at 31 December 2020.

1. Net premiums (Item 1.1 Income statement)

Following is a breakdown of premiums by insurance activity:

Amounts in Euro thousand

	31/12/2021	31/12/2020
Gross earned premiums	1.023.771	1.330.167
Earned premiums ceded	14.742	14.793
Total net earned premiums	1.009.029	1.315.374

A breakdown of net premiums, showing the premiums recognised, the change in the premiums provision and the gross amounts and amounts borne by reinsurers, and also showing the corresponding value for the previous financial year, is provided in the relevant annex.

1.1.1 Gross earned premiums

Amounts in Euro thousand

	31/12/2021	31/12/2020
Eurovita S.p.A.	1.023.771	1.192.172
Pramerica Life S.p.A.	-	137.995
Total	1.023.771	1.330.167

Although the market has returned to 2019 levels and is worth €105.4 billion, with a positive impact of 9.5% on the previous year, the decrease in new business is the natural consequence of the Company's strategic choices designed to increase profitability, including through the reduction of Class I sales, and the streamlining of the sales network and the agreements in place with its distribution partners.

Amounts in Euro thousand

	Total amount at 31/12/2021	Total amount at 31/12/2020	Change	Change %
Annual premiums in the first year	6.206	34.954	-28.748	-82%
Annual premiums in subsequent year	182.267	204.590	-22.322	-11%
Single premiums	831.085	1.085.175	-254.090	-23%
Non-Life premiums	197	822	-625	-76%
Total direct business	**1.019.756**	**1.325.541**	**-305.785**	**-23%**
Premiums on reinsured risks (indirect business)	4.015	4.626	-611	-13%
Total gross earned premiums	1.023.771	1.330.167	-306.397	-23%

The breakdown of gross earned premiums by IAS/IFRS classification, showing business not classified as insurance contracts pursuant to IFRS 4, is as follows:

EUROVITA GROUP	2021			2020			Change		
IAS Classification	Premiums in the first year	Premiums in subsequent years	Total	Premiums in the first year	Premiums in subsequent years	Total	Premiums in the first year	Premiums in subsequent years	Total
Supplementary	25	2.974	2.998	34	3.614	3.648	- 9	- 640	- 650
Indirect business	-	4.015	4.015	-	4.626	4.626	-	- 611	- 611
Insurance	11.870	138.701	150.571	44.206	133.545	177.750	- 32.336	5.156	- 27.179
Investment DPF	826.908	39.279	866.187	1.076.871	67.272	1.144.143	- 249.963	- 27.993	- 277.956
Grand total	**838.802**	**184.968**	**1.023.771**	**1.121.111**	**209.057**	**1.330.167**	**- 282.308**	**- 24.088**	**- 306.397**
Investment	642.619	8.231	650.849	454.455	8.259	462.714	188.164	- 28	188.135
Grand total	**1.481.421**	**193.199**	**1.674.620**	**1.575.566**	**217.316**	**1.792.881**	**- 94.145**	**- 24.117**	**- 118.261**

A decrease in new business with single/annual premiums was recorded in 2021. Premium volume decreased from €1,121,111 thousand in 2020 to €838,802 thousand in 2021. Meanwhile, the component linked to quittances decreased by less than it did in the previous year, from €209,057 thousand to €184,969 thousand.

Premiums from indirect business were down 13%, due to the fact that, since 2009, the Company no longer reinsures new business written by ERGO Insurance N.V. België (formerly Hamburg-Mannheimer). The treaty remains in place only for annual renewals.

Moreover, it should be noted that premium income from financial products (classified as such in compliance with the IAS/IFRS standards and not recognised under the same rules as premiums written, as they are considered deposits) amounted to €650.9 million in 2021 (including €642.6 million in new business), up from a figure of €462.7 million in 2020.

1.1.2 Earned premiums ceded to reinsurers

Amounts in Euro thousand

	31/12/2021	31/12/2020
Eurovita S.p.A.	14.742	13.979
Pramerica Life S.p.A.	-	813
Total	14.742	14.793

Premiums ceded to reinsurers amounted to €14,742 thousand, decreasing by €51 thousand compared with 2020.

A breakdown of net premiums is shown in the annex together with the corresponding value for the previous period.

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 31/12/2021	Value at 31/12/2020	Change
Premiums earned ceded	-14.709	-14.792	84
Amounts paid borne by reinsurers	103.716	434.706	-330.990
Change in technical provisions ceded	-87.872	-412.750	324.878
Commissions received from reinsurers	908	984	-76
Profit sharing and other technical charges / income	1.189	593	595
Interest expense	-7.010	-14.210	7.200
Technical result ceded	*-3.778*	*-5.469*	*1.691*

The ceded technical account recorded a loss of €3.78 million, improving by €1.69 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 (€7,200 thousand compared with the end of 2020) due to the general reduction in reinsured business, which resulted in a significant decrease in deposits, was also an important factor.

2. Commission income

The Commission income item, all of which relates to the subsidiary Eurovita S.p.A., amounted to €138,574 thousand (€125,430 thousand at 31 December 2020). The increase was mainly due to higher average assets under management of €224 million, which generated higher management fees of €13,815 thousand and higher commission rebates relating to the Class D portfolio managed by external asset managers of €2,418 thousand, partially offset by lower front loading of €3,090 thousand.

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

Amounts in Euro thousand

	31/12/2021	31/12/2020
Premium charges	558	4.193
DIR	1.125	580
Rebates	33.221	30.803
Management Fees	103.670	89.855
Total	138.574	125.430

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

Amounts in Euro thousand

	31/12/2021	31/12/2020
Net income from financial instruments at fair value through profit or loss	60.882	9.854
Total	60.882	9.854

This item essentially consists of net income from investments designated at fair value but not covering provisions 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 €533,039 thousand, 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 markedly higher than the financial result of €241,663 thousand recorded in the previous year, which was partly caused by uncertainty over the financial crisis resulting from the Covid-19 pandemic.

“Assets held for trading” generated a loss of €513 thousand, compared with a loss of €3,258 thousand in the previous financial 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	31/12/2021					31/12/2020				
Income from Investments	Interest income	Other income	Gains realized	Valuation gains	Total	Interest income	Other income	Gains realized	Valuation gains	Total
Held for trading	-	208	-	33	**241**	-	222	474	2.764	**3.460**
Designate a Fair Value	8.067	21	158.901	492.224	**659.213**	8.999	0	68.827	447.851	**525.677**
Restatement of financial products	-	-471.644	-	-	**-471.644**	-	-235.067	-	-	**-235.067**
Total Income from financial instruments at fair value through profit or loss	8.067	-471.415	158.901	492.257	187.810	8.999	-234.845	69.301	450.615	294.070

Amounts in Euro thousand	31/12/2021					31/12/2020				
Expenses from Investments	Interest expense	Other charges	Realized losses	Valuation losses	Total	Interest expense	Other charges	Realized losses	Valuation losses	Total
Held for trading	-	-	-	-754	**-754**	-	-	-66	-136	**-202**
Designate a Fair Value	-	-17.993	-33.655	-74.526	**-126.174**	-	-15.963	-181.368	-86.683	**-284.014**
Restatement of financial products	-	-	-	-	**-**	-	-	-	-	**-**
Total Expenses from financial instruments at fair value through profit or loss	-	-17.993	-33.655	-75.280	-126.928	-	-15.963	-181.433	-86.819	-284.215

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.

	31/12/2021		31/12/2020		Change	
Amounts in Euro thousand	Avalaible for sale	Loans and receivables	Avalaible for sale	Loans and receivables	Avalaible for sale	Loans and receivables
Interest income	154.199	16.864	153.654	16.512	545	351
Other income	30.966	-2.733	25.338	-	5.628	-2.733
Gains realized	70.727	-	63.006	-	7.721	-
Valuation gains	-	-	-	-	-	-
Total Income from other financial instruments and land and buildings (investment properties)	255.892	14.130	241.998	16.512	13.894	-2.382

Ordinary income from the "Available-for-sale financial assets" and "Loans and receivables" categories (€199,296 thousand) increased compared with the previous year (€195,504 thousand) due to the increase in the average inventory of investments in this balance sheet category (+9.78%), with average profitability (+2.06%) in line with that of the previous year (+2.09%) and an increase in average duration (10.8 compared with 10.2 in 2020). Gains on disposals were substantial (€70,727 thousand), an increase on the previous year (€63,006 thousand).

1.6 Other revenues

The following table sets out details by revenue category:

Amounts in Euro thousand

	31/12/2021	31/12/2020
Other technical income	22.092	22.114
Withdrawals from provisions	8.939	6.928
Contingent assets	2.081	3.007
Other revenues	1.778	1.998
Total	34.890	34.047

Other technical income of €22,092 thousand (€22,114 thousand at 31 December 2020) mainly includes management fees retroceded by managers of mutual funds included in investments for the benefit of policyholders.

The "*Drawings from provisions*" item of €8,939 thousand is mainly attributable to the settlement of disputes with customers totalling €4,300 thousand, the closing of tax disputes totalling €1,224 and the payment of retention bonuses to employees totalling €2,527 thousand;

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

	31/12/2021	31/12/2020
Eurovita S.p.A.	2.043	2.422
Eurovita Holding S.p.A.	15	70
Agenzia Eurovita S.r.l.	-	380
Pramerica Life S.p.A.	-	130
Eurovita Agenzia Marketing S.r.l.	23	4
Total	2.081	3.007

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

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

Amounts in Euro thousand

	31/12/2021	31/12/2020
Eurovita S.p.A.	1.362	1.353
Eurovita Holding S.p.A.	366	17
Agenzia Eurovita S.r.l.	-	151
Pramerica Life S.p.A.	-	449
Eurovita Agenzia Marketing S.r.l.	50	28
Total	1.778	1.998

The item, which is lower than at the end of 2020, mainly consists of the recovery of costs incurred on behalf of the parent company, Flavia Holdco Limited, for the due diligence operations carried out by the Group on the companies of interest during the year, and other minor revenues.

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

	31/12/2021	31/12/2020
Claims paid and change in insurance provisions	1.142.909	1.403.982
Reinsurers' share	- 15.877	- 22.016
Total Net insurance benefits and claims	1.127.031	1.381.967

A breakdown of claims-related expenses, specifying the amounts paid, recoveries through reinsurance treaties and changes in provisions for each type thereof, separating gross amounts and amounts borne by reinsurers, also setting out the corresponding value for the previous period, is provided in the relevant annex.

The change of €254,936 thousand compared with the previous year was mainly due to the decrease in the amounts paid for direct business, partially offset by the change in the amounts of ceded business of €318,819 thousand, while the €63,883 thousand change in net technical provisions was mainly due to the allocation of €55,612 to the LAT provision and the decrease in the charge for the shadow provision on the former ERGO Previdenza portfolio of €3,724 thousand.

2.2 Commission expense

Commission expense shows the following balance:

Amounts in Euro thousand

	31/12/2021	31/12/2020
Commission expense	96.515	90.289

Commission expense on financial products, after amortisation of the commission expense of previous years, amounted to €96,515 thousand (€90,289 thousand at 31 December 2020).

The increase was entirely due to a €6,285 thousand rise in maintenance costs as a result of an increase in assets under management of approximately €160 million, and the decision by policyholders to gradually allocate Class D assets linked to external funds to more expensive investment lines in terms of loading, while deferred costs were 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.

	31/12/2021		31/12/2020		Change	
Amounts in Euro thousand	Avalaible for sale	Loans and receivables	Avalaible for sale	Loans and receivables	Avalaible for sale	Loans and receivables
Interest expense	-	17.505	-	21.843	-	-4.338
Other charges	-	-	-	-	-	-
Realized losses	46.638	-	38.323	-	8.315	-
Valuation losses	5.379	-	6.546	-	-1.167	-
Total Expenses from other financial instruments and land and buildings (investment properties)	52.017	17.505	44.869	21.843	7.148	-4.338

Interest expense refers to interest on deposits by reinsurers of €7,010 thousand and interest expense related to subordinated loans of €10,495 thousand. The latter increased by €2,863 thousand compared with the previous financial year due to the additional €50 thousand thousand issue in the previous year, effective from 21 February 2020.

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

Losses on disposals (together with the related gains shown above) of €46,638 thousand (€38,323 thousand in 2020) are an integral part of the results of strategies to optimise the AML structure implemented during the year, and relate mainly to bonds.

Valuation losses amounted to €5,379 thousand due to final write-downs resulting from impairment testing on equity investments in Italian credit institutions amounting to €158 thousand and units of Alternative Investment Funds (AIF) in the amount of €5,221 thousand; in the previous financial year, impairment testing identified impairment losses of €6,546 thousand.

Further details of financial and investment costs, by type, with the corresponding value for the previous financial year, are provided in the annexes hereto.

2.5 Operating Costs

Costs and other acquisition expenses on insurance contracts, investment management expenses, and other administrative expenses are detailed in the following table:

Amounts in Euro thousand

	Total amount at 31/12/2021	Total amount at 31/12/2020
Acquisition commissions	880	15.328
Other acquisition costs	21.973	36.784
Change in deferred acquisition costs	27.150	4.070
Commissions for collections	558	2.134
Commissions and equity investments for gains ceded	- 2.096	- 1.578
Total commissions and other acquisition costs	**48.466**	**56.739**
Investment management expenses	13.876	13.131
Other administration costs	35.502	43.605
Total Acquisition and administration costs	**97.843**	**113.475**

The decrease in operating expenses, which fell from €113,475 thousand in the previous year to €97,843 thousand in the current year, is mainly due to the absence of extraordinary costs incurred in the previous year due to the closure of the agency channel of the former ERGO Previdenza totalling €9,787 thousand, extraordinary costs for the launch of new commercial partnerships totalling €4 thousand thousand and lower overhead expenses of €8,945 thousand, partially offset by higher amortisation of deferred acquisition costs (DAC) of €23,080 thousand.

Acquisition costs relating to insurance-classified products decreased by €13,209 thousand, in line with the decrease in premiums.

A breakdown of insurance management costs, according to the type of expense, with the corresponding value for the previous period, is attached.

2.6 Other Costs

The following table provides a breakdown by cost category:

Amounts in Euro thousand

	31/12/2021	31/12/2020
Other technical charges	66.044	61.682
Provisions to reserves	1.522	6.174
Losses on receivables	1.471	5.723
Contingent liabilities	1.389	599
Depreciation and amort. of fixed assets	423	1.125
Amortization of Value in force	41.699	55.957
Other costs	411	4.079
Total	112.960	135.338

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

Amounts in Euro thousand

	31/12/2021	31/12/2020
Eurovita S.p.A.	82.767	82.039
Agenzia Eurovita S.r.l.	-	566
Eurovita Holding S.p.A.	30.191	46.404
Pramerica Life S.p.A.	-	6.256
Eurovita Agenzia Marketing S.r.l.	1	73
Total	112.959	135.338

The “Other costs” item, amounting to €112,959 thousand, shows a decrease compared with the end of the previous year. This decrease is mainly due to the following factors:

- a decrease in the total amortisation of the Value in Force of €14,258 thousand. This decrease is due to the reduction in the Value in Force amortisation costs of the former Old Mutual Wealth Italy S.p.A. (-€1,438 thousand compared with 31 December 2020), the former subsidiary Pramerica Life S.p.A. (-€1,047 thousand compared with 31 December 2020), and the former Ergo Previdenza S.p.A. (-€11,772 thousand compared with 2020);
- smaller losses on receivables of €4,252 thousand, due to the usual activity of settling disputes with agents and policyholders carried out by the subsidiary Eurovita S.p.A. However, for the sake of full disclosure, it should be noted that these costs were almost entirely covered by provisions specifically set aside in previous financial years, with the drawing entered under “Other revenues”;
- a decrease in provisions, mainly attributable to the subsidiary Eurovita S.p.A., relating to provisions for future risks and charges of €4,652 thousand, including €4,501 thousand earmarked for disputes with customers.

3. Taxes

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

Amounts in Euro thousand

	31/12/2021
Eurovita Holding S.p.A.	159
Eurovita S.p.A.	19.043
Eurovita Agenzia Marketing S.r.l.	13
Total	19.215

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

Amounts in Euro thousand

		31/12/2021
Eurovita Holding S.p.A.	-	12.088
Eurovita S.p.A.	-	6.390
Eurovita Agenzia Marketing S.r.l.	-	7
Total	-	18.486

Eurovita Holding S.p.A., together with subsidiaries Eurovita S.p.A. and Eurovita Agenzia Marketing 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.

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

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

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

Amounts in Euro thousand

	Eurovita SpA	Eurovita Holding SpA	Eurovita Agenzia Marketing S.r.l.	Tax effect arising from consolidated	Total at 31/12/2021
Theoretical rate	30,82%	29,57%	27,90%	30,82%	
Profit for the year before taxation	49.002	-5.269	23	-34.628	9.128
Theoretical tax burden	15.103	-1.558	7	-10.672	2.879
Non-deductible costs for tax purposes	455	778	-		1.233
Non-taxable income	-10	-2.060	-1		-2.070
Use of tax losses carried forward	-3.939	-	-		-3.939
Other local taxes	2.132	-	-		2.132
Alignment financial securities for tax purposes	31.758	-349			31.409
Other adjustments	-19.978	1.931			-18.047
Amortization of Value in force OMWI	3.132	-	-		3.132
Amortization of Value in force EVA	-9.608	-	-		-9.608
change in deferred	-6.390				-6.390
Tax burden	12.653	-1.257	6	-10.672	729
Actual rate	25,82%	23,85%	23,62%	30,82%	7,99%
CURRENT TAXATION	-19.043	-159	-13	-	-19.215
DEFERRED TAXATION	6.390	1.416	7	10.672	18.486
EXTRAORDINARY ITEMS FOR TAX PURPOSES	-662	-	-	-	-662
TOTAL TAXATION	-13.315	1.257	-6	10.672	-1.392

Other information

Compensation paid to Directors and Statutory Auditors

For the Companies within the Group's scope of consolidation at 31 December 2021, compensation for Directors amounted to €375 thousand, net of expenses and VAT, while compensation for Statutory Auditors amounted to €225 thousand, net of expenses and VAT.

Compensation paid to the Independent Auditor

Pursuant to Article 149-*duodecies*, paragraph 2, of the Issuers' Regulation of Consob (the Italian financial markets authority), it is specified that compensation for the year for the provision of auditing services (assigned to the company KPMG S.p.A.) totalled €113 thousand for the parent company, Eurovita Holding S.p.A. and €475 thousand for the subsidiary Eurovita S.p.A., while compensation for the provision of certification services amounted to €442 thousand for Eurovita S.p.A. and €2 thousand for Eurovita Holding S.p.A.

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

Information on employees

The total number of workers employed by the Group Companies at 31 December 2021 was as follows:

	31/12/2021	31/12/2020
Number of employees with the Group		
Managers	14	16
Middle-managers and office workers	238	263
Total	252	279

with the following breakdown by individual entity:

	31/12/2021	31/12/2020
Number of employees with the Group		
Eurovita S.p.A.	243	228
Eurovita Holding S.p.A.	9	8
Pramerica Life S.p.A.	0	43
Total	252	279

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 amount of eligible 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 2021 Solvency II annual closing, as the deadline for sending these data to IVASS is 20 May 2022. The values are lower than those set out in the RAF.

For further details on the Company's observations regarding the impact of the closing report on the inspection process by the Supervisory Authority, please see the section entitled "Subsequent events".

Eurovita Group - Available own funds that are eligible to cover the SCR

	Own funds available	Eligibility adjustments	Own funds eligible
Tier 1 unrestricted	341.395	-	341.395
Tier 1 restricted	115.522	- 30.173	85.349
Tier 2	167.427	30.173	197.600
Tier 3	6.689	-	6.689
Total OF	631.033	-	631.033
Total SCR			471.551
Surplus (shortage)			159.482

Eurovita Group - Available own funds that are eligible to cover the MCR

	Own funds available	Eligibility adjustments	Own funds eligible
Tier 1 unrestricted	341.395	-	341.395
Tier 1 restricted	115.522	- 30.173	85.349
Tier 2	167.427	- 121.845	45.582
Tier 3	6.689	- 6.689	-
Total OF	631.033	- 158.707	472.326
Total MCR			227.911
Surplus (shortage)			244.415

Compared with a solvency capital requirement (SCR) of €471.55 million, eligible own funds amount to €631.01 million, which gives a Solvency II Ratio of 134%.

In order to strengthen its solvency position, the Group has blocked dividend payouts as per the Capital Plan.

Subsequent events

As is common knowledge, on the night of 23-24 February, Russia launched a military operation in Ukraine that effectively started a war between the two countries.

Against this backdrop, the Western economies, not supported by China, responded by imposing strong sanctions on both Russia and the oligarchs that represent the economic power of the former Soviet state. The initial economic consequences, including a sharp rise in commodity prices and rising inflation, are already apparent.

At the time of preparation of these financial statements, it is not possible to predict how the conflict will develop, let alone the long-term consequences for the world's economies.

With regard to the exposure of our financial investments in those countries most closely involved in the conflict between Russia and Ukraine, please note the following:

- Available-for-sale financial assets (Class C) do not include any direct exposures, whereas Euroriv, a mutual fund included in the segregated funds, holds a financial instrument issued by a Russian chemical holding company called PhosAgro. The exposure is for a nominal amount of $7.65 million in an unsecured senior bond with a fixed coupon of 3.949%, maturing on 24 April 2023. The exposure represents approximately 0.06% of the total carrying amount of available-for-sale financial assets.

- Financial assets designated at fair value (Class D unit-linked) do not include any direct exposures, whereas indirect exposures (shares and bonds) held through various mutual funds in financial instruments of Russian, Ukrainian and Belarussian issuers, total €32.8 million. These exposures represent approximately 0.47% of the total carrying amount of financial assets designated at fair value.

In addition, at the date of preparation of this report, the Company is waiting to receive from IVASS an end-of-inspection report assessing the methodology and assumptions used to determine the technical provisions and to calculate the solvency capital requirement. From a prudential standpoint, the Company has carried out sensitivity analyses enabling it to verify whether, even in the event of classification of certain complex investment funds with a risk profile relating to particularly unfavourable stress, the solvency ratio at year-end would nevertheless remain above the minimum values permitted by law and above the “recovery trigger” of 110% defined in the Company’s capital policy.

With regard to the Company's solvency, the ongoing monitoring of the solvency ratio has shown that it is increasing, mainly as a result of rising interest rates.

Milan, 30 March 2022

FOR THE BOARD OF DIRECTORS

Chief Executive Officer

Erik STATTIN

ANNEXES PURSUANT TO ISVAP REGULATION NO. 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 2021	DEC 2020	DEC 2021	DEC 2020	DEC 2021	DEC 2020	DEC 2021	DEC 2020	DEC 2021	DEC 2020
1	**INTANGIBLE ASSETS**	**0**	**0**	**123.263.235**	**81.031.573**	**39.380.028**	**123.734.411**	**0**	**0**	**162.643.262**	**204.765.984**
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	101.212.937	58.981.275	39.380.028	123.734.411	0	0	140.592.965	182.715.687
2	**TANGIBLE ASSETS**	**0**	**0**	**17.805.773**	**19.378.532**	**119.900**	**73.165**	**0**	**0**	**17.925.673**	**19.451.698**
2.1	Land and buildings (self used)	0	0	17.393.340	18.635.722	0	0	0	0	17.393.340	18.635.722
2.2	Other tangible assets	0	0	412.433	742.810	119.900	73.165	0	0	532.333	815.976
3	**AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS**	**305.038**	**386.860**	**270.303.145**	**358.093.442**	**0**	**0**	**0**	**0**	**270.608.183**	**358.480.302**
4	**INVESTMENTS**	**0**	**0**	**18.779.470.206**	**19.446.247.919**	**11.118.336**	**-14.036.190**	**0**	**-11.362.052**	**18.790.588.542**	**19.420.849.677**
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	534.061	28.842.158	-534.061	-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	246.677.296	613.101.809	11.652.397	14.805.968	0	-11.362.052	258.329.693	616.545.725
4.5	Available for sale financial assets	0	0	11.455.314.750	12.000.568.609	0	0	0	0	11.455.314.750	12.000.568.609
4.6	Financial assets at fair value through profit or loss	0	0	7.076.944.098	6.803.735.343	0	0	0	0	7.076.944.098	6.803.735.343
5	**RECEIVABLES**	**84.635**	**30.295**	**120.787.111**	**104.564.024**	**29.820.257**	**29.487.091**	**-35.789.795**	**-48.571.460**	**114.902.209**	**85.509.950**
5.1	Receivables arising out of direct insurance operations	11.255	14.461	25.540.614	30.520.962	67	67	0	0	25.551.936	30.535.491
5.2	Receivables arising out of reinsurance operations	36.563	0	32.994.681	3.664.235	0	0	0	0	33.031.244	3.664.235
5.3	Other receivables	36.817	15.834	62.251.816	70.378.827	29.820.191	29.487.024	-35.789.795	-48.571.460	56.319.029	51.310.225
6	**OTHER ASSETS**	**739**	**107.040**	**378.403.820**	**448.583.436**	**294.510**	**6.308.495**	**-7.368**	**-399.845**	**378.691.700**	**454.599.126**
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	22.677.735	49.827.369	0	0	0	0	22.677.735	49.827.369
6.3	Deferred tax assets	0	107.040	0	-6.135.862	0	6.028.821	0	0	0	0
6.4	Tax receivables	0	0	282.920.827	297.312.612	34.466	34.802	-7.368	0	282.947.925	297.347.414
6.5	Other assets	739	0	72.805.257	107.579.317	260.044	244.871	0	-399.845	73.066.040	107.424.343
7	**CASH AND CASH EQUIVALENTS**	**3.628.999**	**4.069.739**	**31.849.129**	**23.088.791**	**604.798**	**1.216.685**	**0**	**0**	**36.082.925**	**28.375.215**
	TOTAL ASSETS	**4.019.411**	**4.593.935**	**19.721.882.418**	**20.480.987.716**	**81.337.828**	**146.783.657**	**-35.797.163**	**-60.333.357**	**19.771.442.494**	**20.572.031.952**
1	**SHAREHOLDERS' EQUITY**	**3.076.703**	**2.959.098**	**602.046.621**	**582.625.252**	**-95.418.951**	**-62.997.284**	**0**	**0**	**509.704.373**	**522.587.066**
2	**OTHER PROVISIONS**	**0**	**0**	**12.918.393**	**23.654.131**	**101.988**	**151.988**	**-1.487.195**	**-4.957.317**	**11.533.186**	**18.848.802**
3	**INSURANCE PROVISIONS**	**787.595**	**1.063.192**	**12.100.871.644**	**12.912.647.634**	**4.183.933**	**9.651.756**	**0**	**0**	**12.105.843.172**	**12.923.362.583**
4	**FINANCIAL LIABILITIES**	**0**	**0**	**6.761.643.403**	**6.655.490.975**	**0**	**0**	**0**	**-11.362.052**	**6.761.643.403**	**6.644.128.923**
4.1	Financial liabilities at fair value through profit or loss	0	0	6.380.321.841	6.270.248.292	0	0	0	0	6.380.321.841	6.270.248.292
4.2	Other financial liabilities	0	0	381.321.562	385.242.683	0	0	0	-11.362.052	381.321.562	373.880.631
5	**PAYABLES**	**18.934**	**345.726**	**109.688.313**	**166.959.415**	**142.747.294**	**151.557.052**	**-34.309.967**	**-43.614.143**	**218.144.574**	**275.248.051**
5.1	Payables arising out of direct insurance operations	0	172.065	29.278.134	30.280.445	0	0	-311.170	-1.044.187	28.966.964	29.408.323
5.2	Payables arising out of reinsurance operations	0	124.545	18.529.057	69.934.882	0	0	0	0	18.529.057	70.059.427
5.3	Other payables	18.934	49.117	61.881.122	66.744.088	142.747.294	151.557.052	-33.998.797	-42.569.956	170.648.553	175.780.301
6	**OTHER LIABILITIES**	**136.179**	**225.918**	**134.714.044**	**139.610.308**	**29.723.564**	**48.420.144**	**0**	**-399.845**	**164.573.786**	**187.856.526**
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	-42.874	0	41.217.879	36.402.112	14.322.109	45.832.565	0	0	55.497.114	82.234.677
6.3	Tax payables	0	0	53.052.096	48.347.573	13.066.455	161.993	0	0	66.118.551	48.509.565
6.4	Other liabilities	179.053	225.918	40.444.070	54.860.624	2.335.000	2.425.586	0	-399.845	42.958.122	57.112.284
	TOTAL EQUITY AND LIABILITIES	**4.019.411**	**4.593.935**	**19.721.882.418**	**20.480.987.716**	**81.337.828**	**146.783.657**	**-35.797.163**	**-60.333.357**	**19.771.442.494**	**20.572.031.952**

Income Statement by activity sector

		NON-LIFE CLASSES		LIFE CLASSES		OTHER		INTER-SECTOR ELIMINATIONS		TOTAL	
		DEC 2021	DEC 2020	DEC 2021	DEC 2020	DEC 2021	DEC 2020	DEC 2021	DEC 2020	DEC 2021	DEC 2020
1.1	Net earned premiums	*156.708*	*649.135*	*1.008.872.018*	*1.314.725.217*	0	0	0	0	*1.009.028.726*	*1.315.374.352*
1.1.1	*Gross earned premiums*	197.473	822.085	1.023.573.109	1.329.345.040	0	0	0	0	1.023.770.582	1.330.167.125
1.1.2	*Earned premiums ceded*	-40.764	-172.950	-14.701.092	-14.619.823	0	0	0	0	-14.741.856	-14.792.773
1.2	Fee and commission income and income from financial service activities	0	0	138.573.978	125.430.155	0	0	0	0	138.573.978	125.430.155
1.3	Net income from financial instruments at fair value through profit or loss	0	0	60.882.166	9.854.401	0	0	0	0	60.882.166	9.854.401
1.4	Income from subsidiaries, associated companies and joint ventures	0	0	17.808	7.705	-17.808	-7.705	0	0	0	0
1.5	Income from other financial instruments and land and buildings (investment properties)	0	217.286	295.480.775	298.167.337	-25.856.692	-39.078.792	0	-795.344	269.624.084	258.510.487
1.5.1	*Interest income*	0	43.354	188.010.163	198.641.109	-19.702.979	-27.722.914	0	-795.344	168.307.184	170.166.206
1.5.2	*Other income*	0	0	30.987.935	25.338.385	0	0	0	0	30.987.935	25.338.385
1.5.3	*Realized gains*	0	173.932	76.482.677	74.187.843	-6.153.713	-11.355.879	0	0	70.328.965	63.005.896
1.5.4	*Unrealized gains and reversal of impairment losses*	0	0	0	0	0	0	0	0	0	0
1.6	Other income	11	6.677	38.870.533	35.332.084	-749.955	5.754.972	-3.230.986	-7.046.825	34.889.603	34.046.909
1	TOTAL INCOME	156.719	873.098	1.542.697.277	1.783.516.899	-26.624.454	-33.331.525	-3.230.986	-7.842.169	1.512.998.556	1.743.216.303
2.1	Net insurance benefits and claims	-14.702	-228.331	-1.156.112.059	-1.411.160.224	29.095.738	29.421.749	0	0	-1.127.031.023	-1.381.966.806
2.1.1	*Claims paid and change in insurance provisions*	-10.206	-358.582	-1.171.994.045	-1.433.045.515	29.095.738	29.421.749	0	0	-1.142.908.514	-1.403.982.348
2.1.2	*Reinsurers' share*	-4.495	130.251	15.881.986	21.885.291	0	0	0	0	15.877.490	22.015.542
2.2	Fee and commission expenses and expenses from financial service activities	0	0	-96.515.353	-90.288.817	0	0	0	0	-96.515.353	-90.288.817
2.3	Expenses from subsidiaries, associated companies and joint ventures	0	0	0	-19.745	0	19.745	0	0	0	0
2.4	Expenses from other financial instruments and land and buildings (investment properties)	0	0	-60.303.233	-66.378.935	-9.217.876	-1.127.654	0	795.344	-69.521.109	-66.711.245
2.4.1	*Interest expenses*	0	0	-17.504.891	-22.637.919	0	0	0	795.344	-17.504.891	-21.842.576
2.4.2	*Other expenses*	0	0	0	0	0	0	0	0	0	0
2.4.3	*Realized losses*	0	0	-37.419.765	-37.195.200	-9.217.876	-1.127.654	0	0	-46.637.641	-38.322.854
2.4.4	*Unrealized losses and impairment losses*	0	0	-5.378.578	-6.545.816	0	0	0	0	-5.378.578	-6.545.816
2.5	Acquisition and administration costs	-125.943	-303.820	-95.782.504	-110.573.360	-5.165.885	-9.644.855	3.230.986	7.046.825	-97.843.347	-113.475.209
2.5.1	*Commissions and other acquisition costs*	-3.095	-46.940	-51.967.719	-58.712.570	3.455.122	-592.158	34.658	2.612.343	-48.481.033	-56.739.326
2.5.2	*Investment management expenses*	0	0	-13.874.914	-13.130.732	-558	-312	0	0	-13.875.472	-13.131.044
2.5.3	*Other administration costs*	-122.849	-256.880	-29.939.872	-38.730.058	-8.620.449	-9.052.384	3.196.328	4.434.482	-35.486.842	-43.604.839
2.6	Other expenses	-42.500	-7.518	-84.955.310	-88.287.384	-27.961.444	-47.042.739	0	0	-112.959.254	-135.337.641
2	TOTAL EXPENSES	-183.145	-539.669	-1.493.668.459	-1.766.708.465	-13.249.468	-28.373.753	3.230.986	7.842.169	-1.503.870.086	-1.787.779.718
	EARNINGS BEFORE TAXES	-26.426	333.429	49.028.818	16.808.434	-39.873.922	-61.705.278	0	0	9.128.470	-44.563.415

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
Eurovita Agenzia Marketing S.r.l. in liquidazione	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
(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

(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	Consolidated profit (loss) attributable to minority interests	Shareholders' 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

	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	17.393.340	17.393.340
Other tangible assets	532.333	0	532.333
Other intangible assets	140.592.965	0	140.592.965

Amounts ceded to reinsurers from insurance provisions

	Direct business		Indirect business		Total Book value	
	DEC 2021	DEC 2020	DEC 2021	DEC 2020	DEC 2021	DEC 2020
Non-life amounts ceded to reinsurers from insurance provisions	305.038	386.860	0	0	305.038	386.860
Provisions for unearned premiums	0	33.287	0	0	0	33.287
Provisions for outstanding claims	305.038	353.573	0	0	305.038	353.573
Other insurance provisions	0	0	0	0	0	0
Life amounts ceded to reinsurers from insurance provisions	269.140.448	352.191.692	1.162.697	5.901.749	270.303.145	358.093.442
Mathematical provisions	223.316.651	215.914.405	0	4.495.205	223.316.651	220.409.610
Provisions for outstanding claims	45.593.797	136.038.483	1.162.697	1.406.544	46.756.494	137.445.027
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	230.000	238.804	0	0	230.000	238.804
Total Amounts ceded to reinsurers from insurance provisions	269.445.486	352.578.553	1.162.697	5.901.749	270.608.183	358.480.302

Breakdown of financial assets

	Investments held to maturity		Loans and receivables		Available for sale financial assets		Financial assets at fair value through profit or loss				Total Book value	
							Financial assets held for trading		Financial assets designated at fair value through profit or loss			
	DEC 2021	DEC 2020	DEC 2021	DEC 2020	DEC 2021	DEC 2020	DEC 2021	DEC 2020	DEC 2021	DEC 2020	DEC 2021	DEC 2020
Equities at cost	0	0			0	0	0	0	0	0	0	0
Equities at fair value	0	0			21.801.129	21.368.069	0	0	27.625.367	9.629.059	49.426.496	30.997.128
of which quoted equities	0	0			0	0	0	0	27.625.367	9.629.059	27.625.367	9.629.059
Bonds	0	0	177.874.816	529.494.767	10.074.325.641	10.618.316.443	3.075.885	7.946.829	69.316.401	81.945.684	10.324.592.743	11.237.703.724
of which quoted bonds	0	0	17.449.581	28.891.948	10.035.900.521	10.578.347.323	2.974.069	2.935.353	69.316.401	81.945.684	10.125.640.572	10.692.120.309
Investment fund units	0	0			1.359.187.980	1.360.884.097	0	0	6.933.093.371	6.634.939.888	8.292.281.352	7.995.823.985
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	69.192.662	72.698.012	0	0	0	0	0	0	69.192.662	72.698.012
Deposit components of reinsurance contracts	0	0			0	0	0	0	17.347.714	19.013.454	17.347.714	19.013.454
Other loans and receivables	0	0	11.262.215	14.352.946	0	0	0	0	0	0	11.262.215	14.352.946
Derivatives	0	0			0	0	7.319.700	8.073.200	0	0	7.319.700	8.073.200
Hedging derivatives	0	0			0	0	19.165.660	42.187.228	0	0	19.165.660	42.187.228
Other financial investments	0	0		0	0	0	0	0	0	0	0	0
Total	0	0	258.329.693	616.545.725	11.455.314.750	12.000.568.609	29.561.245	58.207.257	7.047.382.853	6.745.528.086	18.790.588.542	19.420.849.677

Assets and liabilities related to policies where the investment risk is borne by policyholders and to pension funds

	Benefits linked to investment funds and market indexes		Benefit linked to the management of pension funds		Total	
	DEC 2021	DEC 2020	DEC 2021	DEC 2020	DEC 2021	DEC 2020
Assets	7.066.548.520	6.787.715.314			7.066.548.520	6.787.715.314
Intra-group assets (*)						
Total assets	7.066.548.520	6.787.715.314			7.066.548.520	6.787.715.314
Financial liabilities	6.290.954.823	6.131.930.299			6.290.954.823	6.131.930.299
Insurance provisions (**)	758.510.264	615.966.203			758.510.264	615.966.203
Intra-group liabilities (*)						
Total Liabilities	7.049.465.087	6.747.896.502			7.049.465.087	6.747.896.502

(*) Intra-group assets and liabilities refer to assets and liabilities which are eliminated in the consolidation process.

(**) Insurance provisions are net of amounts ceded to reinsurers from insurance provisions.

Insurance provisions

	Direct business		Indirect business		Total Book value	
	DEC 2021	DEC 2020	DEC 2021	DEC 2020	DEC 2021	DEC 2020
Non-life insurance provisions	787.595	1.063.192	0	0	787.595	1.063.192
Provisions for unearned premiums	195.774	154.260	0	0	195.774	154.260
Provisions for outstanding claims	591.821	908.933	0	0	591.821	908.933
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	12.030.634.767	12.847.878.581	74.420.810	74.420.810	12.105.055.576	12.922.299.391
Provisions for outstanding claims	151.198.521	320.218.555	1.722.799	1.722.799	152.921.319	321.941.354
Mathematical provisions	10.110.521.879	10.136.487.922	72.698.011	72.698.011	10.183.219.890	10.209.185.933
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	758.510.264	615.966.203	0	0	758.510.264	615.966.203
Other insurance provisions	1.010.404.104	1.775.205.901	0	0	1.010.404.104	1.775.205.901
of which provisions for liability adequacy test	0	0	0	0	0	0
of which deferred policyholder liabilities	931.670.464	1.656.437.869	0	0	931.670.464	1.656.437.869
Total Insurance Provisions	12.031.422.362	12.848.941.773	74.420.810	74.420.810	12.105.843.172	12.923.362.583

Financial liabilities

	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total Book value	
	Financial liabilities held for trading		Financial liabilities designated at fair value through profit or loss					
	DEC 2021	DEC 2020	DEC 2021	DEC 2020	DEC 2021	DEC 2020	DEC 2021	DEC 2020
Preference shares	0	0	0	0	0	0	0	0
Subordinated liabilities	0	0	0	0	158.851.597	158.779.265	158.851.597	158.779.265
Financial liabilities related to investment contracts issued by insurance companies	0	0	6.344.217.685	6.176.134.709	0	0	6.344.217.685	6.176.134.709
when the investment risk is borne by policyholders	0	0	6.344.217.685	6.176.134.709	0	0	6.344.217.685	6.176.134.709
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	219.789.965	215.101.366	219.789.965	215.101.366
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	36.104.156	94.113.582	0	0	0	0	36.104.156	94.113.582
Other financial liabilities	0	0	0	0	2.680.000	0	2.680.000	0
Total	36.104.156	94.113.582	6.344.217.685	6.176.134.709	381.321.562	373.880.631	6.761.643.403	6.644.128.923

Technical insurance items

		DEC 2021			DEC 2020		
		Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount
Non-life business							
NET EARNED PREMIUMS		197.473	40.764	156.708	822.085	172.950	649.135
a	Premiums WRITTEN	43.213	7.477	35.736	612.922	127.928	484.994
b	Change in the provisions for unearned premiums	154.260	33.287	120.972	209.163	45.023	164.141
NET INSURANCE BENEFITS AND CLAIMS		10.206	-4.495	14.702	358.582	130.251	228.331
a	Claims paid	131.544	44.040	87.505	243.811	84.343	159.468
b	Change in the provisions for outstanding claims	-121.338	-48.535	-72.803	114.771	45.908	68.862
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		1.023.573.109	14.701.092	1.008.872.018	1.329.345.040	14.619.823	1.314.725.217
NET INSURANCE BENEFITS AND CLAIMS		1.171.994.045	15.881.986	1.156.112.059	1.433.045.515	21.885.291	1.411.160.224
a	Claims paid	1.306.200.158	103.672.283	1.202.527.875	1.955.719.518	434.681.208	1.521.038.311
b	Change in the provisions for outstanding claims	-168.769.390	-90.688.533	-78.080.856	21.307.916	3.474.851	17.833.065
c	Change in the mathematical provisions	-87.677.968	2.907.040	-90.585.008	- 569.500.856	- 416.261.938	- 153.238.917
d	Change in the provisions for policies where the investment risk is borne by the policyholders and in the provisions for pension funds	163.388.364	0	163.388.364	120.965.357	-	120.965.357
e	Change in other insurance provisions	-41.147.119	-8.804	-41.138.315	- 95.446.421	- 8.830	- 95.437.591

EUROVITA HOLDING

Income and expenses from investments, receivables and payables

		Interests	Other income	Other expenses	Realized gains	Realized losses	Total realized gains and losses	Unrealized gains and reversal of impairment losses		Unrealized losses and impairment losses		Total unrealized gains and losses	Total income and expenses December 2021	Total income and expenses December 2020
								Unrealized gains	Reversal of impairment losses	Unrealized losses	Impairment losses			
Income and expenses from investments		170.192.584	37.342.244	17.993.314	229.287.089	80.292.806	338.535.797	492.256.829	-	552.302.594	-	- 60.045.765	278.490.032	223.496.219
a	from land and buildings (investment properties)	-	-	-	-	-	-	-	-	-	-	-	-	-
b	from investments in subsidiaries, associated companies and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-
c	from held to maturity investments	-	-	-	-	-	-	-	-	-	-	-	-	-
d	from loans and receivables	16.863.810	-	-	-	-	16.863.810	-	-	-	-	-	16.863.810	16.512.261
e	from available for sale financial assets	151.443.373	30.987.935	-	70.328.965	46.637.641	206.122.633	-	-	5.378.578	-	- 5.378.578	200.744.055	197.129.557
f	from financial assets held for trading	84.954	-	-	123.350	-	208.304	33.000	-	754.288	-	- 721.288	- 512.984	3.258.120
g	from financial assets designated as at fair value through profit or loss	1.800.446	6.354.308	17.993.314	158.834.774	33.655.165	115.341.049	492.223.829	-	546.169.728	-	- 53.945.899	61.395.150	6.596.281
Income and expenses from receivables		-	-	-	-	-	-	-	-	-	-	-	-	-
Income and expenses from cash and cash equivalents		-	-	-	-	-	-	-	-	-	-	-	-	-
Income and expenses from financial liabilities		- 17.504.891	-	-	-	-	- 17.504.891	-	-	-	-	-	- 17.504.891	- 21.842.576
a	from financial liabilities held for trading	-	-	-	-	-	-	-	-	-	-	-	-	-
b	from financial liabilities designated as at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-
c	from other financial liabilities	- 17.504.891	-	-	-	-	- 17.504.891	-	-	-	-	-	- 17.504.891	- 21.842.576
Income and expenses from payables		-	-	-	-	-	-	-	-	-	-	-	-	-
Total		152.687.693	37.342.244	17.993.314	229.287.089	80.292.806	321.030.906	492.256.829	-	552.302.594	-	- 60.045.765	260.985.141	201.653.643

Acquisition and administration costs of insurance business

		Non-Life business		Life business	
		DEC 2021	DEC 2020	DEC 2021	DEC 2020
Commissions and other acquisition costs		3.095	46.940	54.064.036	60.289.982
a	Acquisition and administration commissions	3.095	46.798	4.383.051	17.547.697
b	Other acquisition costs	-	142	21.973.484	36.538.387
c	Change in deferred acquisition costs	-	-	27.149.634	4.069.747
d	Collecting commissions	-	-	557.867	2.134.151
Commissions and profit commissions from reinsurers		-	-	- 2.096.317	- 1.577.412
Commissions and other acquisition costs net of commissions and profit commissions from reinsurers		-	-	13.874.914	13.130.732
Other administration costs		-	256.880	30.062.720	38.730.058
Total		3.095	303.820	95.905.353	110.573.360

Details on other comprehensive income

	Allocation		Transfer to profit and loss account		Other transfer		Total variation		Taxes		Amount	
	Total Year 2021	Total Year 2020	Total Year 2021	Total Year 2020	Total Year 2021	Total Year 2020	Total Year 2021	Total Year 2020	Total Year 2021	Total Year 2020	at 31-12-2021	at 31-12-2020
Items that may not be reclassified to profit and loss in future periord	**- 68.536**	**- 68.536**	**-**	**-**	**-**	**-**	**- 68.536**	**- 68.536**	**30.533**	**30.533**	**- 223.114**	**- 154.578**
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	- 68.536					- 68.536	- 68.536	30.533	30.533	- 223.114	- 154.578
Others		-						-				-
Items that may be reclassified to profit and loss in future periord	**5.979.561**	**- 49.679.519**	**- 27.192.950**	**- 12.162.554**	**-**	**-**	**- 21.213.389**	**- 61.842.073**	**9.450.660**	**27.550.921**	**7.932.108**	**29.145.498**
Reserve for currency transition differences		-						-				-
Net unrealized gains and losses on investments available for sale	- 14.086.655	- 59.115.165	- 27.192.950	- 12.162.554			- 41.279.605	- 71.277.719	18.390.249	31.754.543	- 11.785.207	29.494.398
Net unrealized gains and losses on hedging derivatives	20.066.216	9.435.646	-	-			20.066.216	9.435.646	- 8.939.589	- 4.203.623	19.717.316	- 348.900
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	5.911.025	- 49.748.056	- 27.192.950	- 12.162.554	-	-	- 21.281.926	- 61.910.608	9.481.193	27.581.454	7.708.994	28.990.919

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 31/12/2021		Fair value AS AT 31/12/2021		Financial assets reclassified in 2021		Financial assets reclassified until 2021		Financial assets reclassified in 2021		Financial assets reclassified until 2021	
from	to			Financial assets reclassified in 2021	Financial assets reclassified until 2021	Financial assets reclassified in 2021	Financial assets reclassified until 2021	Fair value gains or losses through profit or loss	Fair value gains or losses through equity	Fair value gains or losses through profit or loss	Fair value gains or losses through equity	Fair value gains or losses that would be recognized through profit or loss without reclassification	Fair value gains or losses that would be recognized through equity without reclassification	Fair value gains or losses that would be recognized through profit or loss without reclassification	Fair value gains or losses that would be recognized through equity without reclassification
Total															

Assets and liabilities measured at fair value on recurring and non-recurring basis: fair value hierarchy

		Level 1		Level 2		Level 3		Total	
		Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020
Financial assets and liabilities at fair value on a recurring basis									
Available for sale financial assets		10.444.180.464	10.935.386.074	166.318.532	250.564.810	844.815.754	814.617.725	11.455.314.750	12.000.568.609
Financial assets at fair value through profit or loss	Financial assets held for trading	-	-	29.561.245	58.207.257	-	-	29.561.245	58.207.257
	Financial assets designated at fair value through profit or loss	7.047.382.853	6.745.528.086	-	-	-	-	7.047.382.853	6.745.528.086
Investment properties		-	-	-		-		-	-
Tangible assets		-	-	-		-		-	-
Intangible assets			-			162.643.262	204.765.984	162.643.262	204.765.984
Total financial assets at fair value on a recurring basis		17.491.563.318	17.680.914.160	195.879.777	308.772.067	984.316.480	1.019.383.709	18.671.759.575	19.009.069.936
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading	-	-	- 36.104.156	- 94.113.582	-	-	- 36.104.156	- 94.113.582
	Financial liabilities designated at fair value through profit or loss	- 6.344.217.685	- 6.176.134.709	-	-	-	-	- 6.344.217.685	- 6.176.134.709
Total financial liabilities at fair value on a recurring basis		- 6.344.217.685	- 6.176.134.709	- 36.104.156	- 94.113.582	-	-	- 6.380.321.841	- 6.270.248.292
Financial assets and liabilities at fair value on a non-recurring basis									
Non-current assets or of discontinued operations								-	-
Non-current liabilities or of discontinued operations								-	-

Details of the variation of assets and liabilities measured at fair value on a recurring basis classified in Level 3

	Available for sale financial assets	Financial assets at fair value through profit or loss		Investment properties	Tangible assets	Intangible assets	Financial liabilities at fair value through profit or loss	
		Financial assets held for trading	Financial assets designated as at fair value through profit or loss				Financial liabilities held for trading	Financial liabilities designated as at fair value through profit or loss
Opening balance	814.617.725		-			58.446.616	-	-
Purchases and issues	165.800.360		-				-	-
Disposals through sales and settlements	- 109.401.228		-				-	-
Pay-backs	-		-				-	-
Net gains and losses recognized in P&L	- 4.819.471		-				-	-
- of which net unrealised gains and losses	- 5.378.578		-				-	-
Net unrealised gains and losses recognized in OCI	- 21.381.632		-				-	-
Net transfers to Level 3			-				-	-
Net transfers out of Level 3	-		-				-	-
Other changes	-		-			42.655.156	-	-
Closing balance	844.815.754		-			101.101.772	-	-

Assets and liabilities not measured at fair value: fair value hierarchy

	Book value		*Fair value*							
			Level 1		Level 2		Level 3		Total	
Assets	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020	Year 2021	Year 2020
Held to maturity investments	-	-	-	-	-	-	-	-	-	-
Loans and receivables	258.329.693	616.545.725	177.874.816	11.012.791	-	567.114.680	80.454.877	119.262.728	258.329.693	697.390.199
Investments in subsidiaries, associated companies and joint ventures	0	-	-	-	-	-	0	-	0	-
Land and buildings (investment properties)	-	-	-	-	-	-	-	-	-	-
Tangible assets	17.925.673	19.451.698	-	-	-	-	17.925.673	19.451.698	17.925.673	19.451.698
Total assets	276.255.366	635.997.422	177.874.816	11.012.791	-	567.114.680	98.380.550	138.714.425	276.255.366	716.841.896
Liabilities										
Other liabilities	-381.321.562	-373.880.631	-	-	-	-	-381.321.562	-373.880.631	-381.321.562	-373.880.631