Unaudited Interim Management Report as at 30th September 2019

Eurovita Holding S.p.A.

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Registered Office and Headquarters: 20141 Milan, Italy
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Fully paid-in share capital €1,000,000

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Eurovita Holding S.p.A.

Here below the Group composition as of December 18th, 2019.

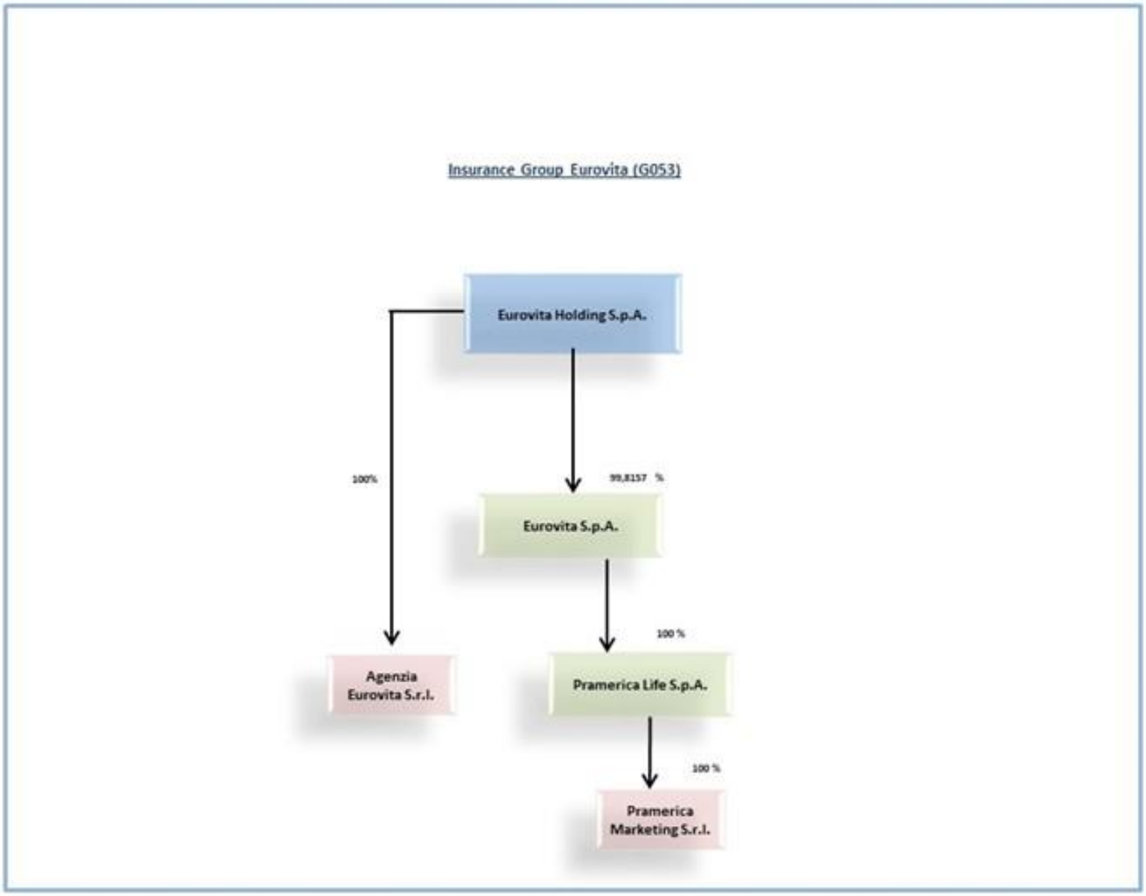
On 18th December, 2019, Eurovita finalized the acquisition of the entire control of Pramerica Life, an Italian insurance company having the following economical data:

a) technical reserves for an amount equal to € 1.1 billion (as at December 2018) with a CAGR (Compound Annual Growth Rate) relating to the years 2016/2018 equal to 10%;

b) GWP stable to the amount of €130 million per year;

c) YE 2018 net income amounted equal to €7 million;

d) Solvency II ratio (As of September 30, 2019) equal to 190% composed by €109 million own funds and € 57.5 million of SCR.



1. Situation of the Italian insurance market

1.1 Life Insurance market

In September 2019, the new production of individual life policies of Italian and non-EU companies, including additional single premiums, reached €62.5 billion in premiums, with substantially stable volumes compared to September 2018, while 2018 year end compared to 2017 registered a 3.8% growth.

Considering new life premiums of the sample of EU companies, equal to €9.5 billion, down 10.6% compared to the amount earned in September 2018, total individual life policies new business amounted to €72.0 billion, i.e. 1.5% less than the previous year.

Analysing the trend by Class type, in relation to the activities of Italian and non-EU companies, it should be noted that Class I maintained and increased the leading role in the life segment in 2019, with an impact on total new business that rose to 72,3%, i.e. 7 percentage points more than in 2018 year end. After a gradual contraction in volumes issued since 2015 (down 5.3% in 2015, down 4.0% in 2016 and down 18.2 % in 2017), with a premium amount of €45.2 billion Class I reported a further increase of 12.4% compared to same period of 2018 following the 8.4% increase registered in the previous fiscal year. However, this result has been totally offset by lower funding in Class III, with a negative trend already started in the second half of 2018, reporting a general drop of 23.3% at September 2019, for a volume of new premiums of €16.2 billion. The impact of Class III on the entire new premium income fell to 26%, from 31% at the end of 2018. With regard to Class V, as of September 2019 there was a slight increase (up 1.5% compared to September 2018) of new premium income.

With regard to individual life policies new business by distribution channel, always in relation to the activities of Italian and non-EU companies, over 70% thereof was brokered through bank and post office branches, with a premium volume of €43.9 billion decreasing 1.5% compared to September 2019. Same negative trend for the income performance of new policies through the channel of qualified financial advisors. Against a premium amount of €8.7 billion, there was a contraction of 6.2% compared to 2018 and a market share that dropped by one point and stood at 14% of overall new business. The volume of new business distributed by the agents' channel in September 2019 was €6.6 billion (10.6% of total new business), which increased by 9.1% compared to previous year. Same positive trend for the channel of directly operated agencies growing further by 24% and representing new premiums of €2.6 billion (4.2% of the total).

Adding individual policies of subsequent years, in relation to policies subscribed in previous years, to new business premiums, the total life premiums (gross amounts) as of September 2019 was €76.2 billion, i.e. a decrease of 0.88% compared to same period 2018. This result is, as already noted for new business, due to the increase (9.4%) of premium income relating to Class I, i.e. €53.3 billion (70% of total life premiums), offset by the drop in Class III policies (unit-linked) €19 billion (25% of total income), i.e. a drop of 19.3% compared to 2018.

Eurovita Market Share and Positioning

According to the ANIA insurance market ranking based on Fiscal Year 2018, Eurovita occupied the 11th position in the ranking of the Italian Life insurance market, with a market share of 1.6% (based on GWP data).

2. Group Trend as at 30th September 2019

2.1 Group Performance

The Group, excluding Pramerica contribution acquired on 18th December 2019, recorded a consolidated profit (without purchase price allocation and without one-off) of €30 million at 30 September against net profits of €33 million at third quarter 2018. The negative change of €3 million in the result is mainly due to the lower Unit Linked AUMs.
Gross written premiums (considering both insurance and financial products) amount to €1,445 million compared to €1,094 at September 30th 2018 .The increase of 32% (compared with Market performance of -1.5%) was mainly due to Traditional business. Channel analysis showed higher collection for both Bank (+€170 million) and Financial Advisors (+€181 million).

As of 30 September 2019, the Solvency II Ratio (the ratio between admissible own funds and the SCR) of the Issuer – at Solo level (i.e., Eurovita only, not consolidated) - was equal to 148%, calculated using the standard formula and the Volatility Adjustment discount curve determined by EIOPA for discounting the future cash flows of insurance commitments (designed to protect insurers with long-term liabilities from the impact of volatility on their solvency position).

The Solvency II Ratio, as of 31 December 2018, was equal to 114% and has been affected by:

- higher interest risk, as a result of IVASS inspection adjustments; and
- the updated operational hypothesis which caused the increase of the liability duration mismatched with the asset duration (for time constrains).

The above mentioned Solvency II Ratio increase (in respect of the Solvency II Ratio as of 31 December 2018), is a result of (i) the increase of the Own Funds linked to the issue on 28 June 2018 of the €65,000,000 fixed rate subordinated notes due on 28 June 2029, (ii) the positive market trend contribution in term of credit spread compression for an amount equal to €137 million, (iii) the equity contribution ("versamento conto capitale") executed by Eurovita Holding, in favour of Eurovita, for an amount equal to € 27.4 million, partially compensated by the risk margin negative impact equal to €60 million.

On the other side, the SCR increase is mainly due to the significant increase in lapse down risk caused by the downward free risk rates movement in the course of the third quarter of 2019, with respect to the high minimum guaranteed reserves. The interest risk decreased over the course of the first quarter, as a result of the matching between assets and liability duration.

As of 30 September 2019, the Issuer's own funds for the purposes of SCR coverage was equal to €672.5 million (€554.8 million of said amount was classified as Tier 1), while the SCR was equal to €454 million.

As at 30 September 2019, the Solvency II Ratio of the Group, on a consolidated basis, was equal to 148%.

It is also noted that the numbers and figures as of 30 September 2019 included in this Document may be subject to variation by the date of publishing of Eurovita financial statement as at 31 December 2019, based on annual review of actuarial hypothesis and assumptions, including those resulting from lapse, mortality and top up experiences.

Eligible Own Funds and Solvibility (€ Million)	2019.09.30	2018.12.31	Δ
Tier 1 - Unrestricted	434,82	320,78	114,04
Tier 1 - Restricted	117,24	80,20	37,04
Tier 2	117,69	85,28	32,41
Tier 3	0,00	0,00	0,00
Total Own Funds	*669,75*	*486,26*	*183,49*
Solvency Capital Requirement	453,89	403,47	50,42
Ratio OF / SCR	147,56%	120,52%	27,04%

2.2 Intra group transactions

Eurovita Holding S.p.A. is the parent Company of the Insurance Group Eurovita and carries out the management and coordination of Eurovita S.p.A., Pramerica, from the acquisition date, and Agenzia Eurovita S.r.l. All contractual transactions were settled at market conditions, unless otherwise specified in detail.

Here below, the details of all the relationships between the entities of the Group.

EUROVITA S.p.A.: the company collects subsequent year premiums through Agenzia Eurovita S.r.l. for a significant share of the Segregate Account "PPB" customer portfolio. It paid commissions for €1.1 million as at September 2019. The indemnity is booked according to the Agent National Framework Agreement ("Accordo Nazionale Agenti").

Agenzia EUROVITA S.r.l.: in 2019 has carried out regular agency relationships and is the holder of a significant share of the Segregate Account "PPB" customers portfolio, provided by Eurovita S.p.A. The agency monitors the central collection of payments from the portfolio assigned by the Company. At the end of September 2019, Agenzia EUROVITA S.r.l. matured €1.1 million of commissions from Eurovita S.p.A.

Additionally, to the above transactions, EUROVITA HOLDING S.p.A., EUROVITA S.p.A., Agenzia EUROVITA S.r.l. recorded reciprocal costs due to the relationships among them and the relevant services provided.

Milan, 18th December 2019

Unaudited interim management P&L report as of September 30th, 2019*

*WITHOUT PURCHASE PRICE ALLOCATION AND WITHOUT ONE OFF

	Q3 2018	Q3 2019
Total gross premiums	608	1.179
Ceded premiums	*(29)*	*(18)*
Total net premiums	580	1.161
Change in gross reserves	255	(198)
Gross benefits paid	(962)	(1.103)
Change in ceded reserves	*(214)*	*(320)*
Ceded benefits paid	*261*	*352*
Gross acquisition costs	(115)	(109)
of which Trail. and Maint. commissions	*(88)*	*(85)*
of which Ongoing commissions	*(2)*	*(1)*
of which Acquisition commissions	*(25)*	*(23)*
Ceded acquisition costs	*4*	*5*
Other acquisition costs	(1)	(1)
Change in DAC e DFI	(5)	(4)
General expenses	(44)	(41)
Gross financial income	322	325
Interest paid to reinsurers	*(32)*	*(23)*
Gross technical result	**58**	**48**
Ceded technical result	***(10)***	***(4)***
Net technical result	**47**	**43**
Other income / expenses	1	(0)
Result before taxes	**48**	**43**
Tax expenses	(15)	(13)
Net income	**33**	**30**

PRESENTATION CRITERIA

The Consolidated Financial Statements at 30 September 2019 were prepared in accordance with the International Financial Reporting Standards adopted by the European Union. International Financial Reporting Standards (IFRS) refers to all international accounting standards called International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) and related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standard Interpretations Committee (SIC).

We point out that, starting from the 1st January of 2018, the accounting standard IFRS 9, issued by IASB in July 2014 and approved by the European Commission under Regulation No. 2067/2017, replaced IAS 39, which regulated the classification and measurement of financial instruments. Furthermore, IFRS 17, i.e. the new standard relating to the measurement of Insurance Contracts, will instead be applicable as of 1 January 2022.

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

- Temporary Exemption allows for a complete departure from IFRS 9, maintaining the adoption of IAS 39 up to the Financial Statements at 31/12/2020, except for the recent IASB proposal to extend the term for a temporary deferral for the adoption of IFRS 9 so as to align it with the adoption of IFRS 17, as mentioned above;
- Overlay Approach makes it possible to remove any volatility from the Income Statement by suspending it as OCI, which could arise before the implementation of IFRS17 from some financial instruments that, following the adoption of IFRS 9, no longer meet the requirements for cost or FVOCI.

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

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

The accounting criteria adopted are in line with YE2018, excluding the adoption of the IFRS 3 and so the effects deriving from the business combination for which the acquirer company shows in the own financial statements the acquired company evaluated at market value. In this contest the financial assets are booked at fair value and the liabilities are evaluated with the expected future profit evidence (VIF). In the present report the financial assets are evaluated according to IAS 39 and the insurance portfolio gives its contribution to the result per fiscal year. Furthermore the present reporting doesn't include the one off effects, for example one off cost coming from the company restructuring and IT system migration, or impairment on financial assets. The result shows the Company ordinary profitability.

New accounting standards

The most important provisions to the Eurovita Group are the standard IFRS 16 "Leases", whose first-time application had irrelevant effects on the Group's equity and financial situation, with no impact on the Shareholders' Equity at the transition date.

IFRS 16 – Leases

On 13 January 2016 the IASB issued IFRS 16 "Leases", endorsed through Regulation (EU) 2017/1986. IFRS 16 defines the accounting requirements for the recognition, measurement and presentation of lease agreements, replacing IAS 17 and the related interpretations. The main new aspect introduced by IFRS 16 refers to the accounting method for leases payable, which are no longer divided into finance leases (contracts through which the lessee undertakes substantially all risks and benefits of the leased asset) and operating leases (lease contracts other than finance leases), but are instead subject to one single accounting model similar to that envisaged in IAS 17 for finance leases.

For lessor/user companies, this different accounting representation (so-called “financial method”) results in an increase in property, plant and equipment assets recognised in the financial statements (right-of-use of leased assets), an increase in liabilities (the financial debt on the leased assets), a reduction in lease costs and an increase in financial costs (to remunerate the financial debt) and amortisation (for the time distribution of right-of-use assets).

Scope of application for the Eurovita Group

Eurovita Group applied the IFRS 16 standard for the accounting of leases payable, that are contracts based on which, against the payment of a consideration, a user obtains the right to control the use of a specified asset for a determined period of time. In particular, by availing itself of the faculty envisaged by IFRS 16, paragraph 5, the Eurovita Group applied the financial method to leases payable, except for the following types of agreement:

- contracts with a contract term equal or lower than 12 months (short term contracts) or
- contracts with leased assets featuring a low value (low value contracts).

For these types of contract, accounting is envisaged as per paragraphs 6 and 7 of IFRS 16 which, in compliance of what was already set out by IAS 17, operating lease payments should be recognised as an expense in the income statement over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern of the user's benefit.

The other newly issued accounting standards and amendments to previous ones, effective from 1 January 2019, are listed below.

- Amendments to IAS 19: Plan amendment, curtailment or settlement;
- Amendments to IAS 28: Long term interests in associates and joint ventures;
- Amendments to IFRS 9: prepayment features with negative compensation;
- Annual improvements to IFRS 2015-2017;
- IFRIC 23 uncertainty over income tax treatments.

The above reported new accounting standards and amendments generates no significant impacts to be reported.

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

The most significant data at the end of third quarter 2019 can be summarized as follows:

Group Result

The Group recorded a consolidated profit (without purchase price allocation and without one-off) of €30 million at September against net profits of €33 million as at third quarter 2018. The negative change of €3 million in the result is mainly due to the lower Unit Linked AUMs. If we consider one-off and the adoption of IFRS 3 the net Group result amounts to €15.7 million at 30 September 2019. The net one-off effect is equal to €4.7 million while the purchase price allocation effect is €9.6 million.

Total premium

Gross written premiums, in relation to products classified as insurance contracts or as investment contracts with profit participation, were €1,179 million, compared to €608 million at 30 September 2018. Financial products premiums, thusly classified in compliance with the IAS/IFRS standards, were equal to €266 million in 2019 compared to €486 million at third quarter 2018. The Company’s activities were carried out exclusively in Italy and, in particular, as of 30 September 2019, the volumes of Class I and of Class III are respectively 79,9% and

19,8%. The residual portion includes security policies and indirect business.

Gross benefits paid

Gross benefits paid increased by €141 million respect the same period of previous year. The variation is essentially due to higher payments for maturities (+€170 million) linked to the former ERGO Previdenza portfolio run-off partially off-set by lower surrender.

Reinsurance

Eurovita implements insurance risk mitigation through a reinsurance policy focused on hedging death risk on TCM (surplus share treaties) and PPI (quota share treaties). The main partner is Hannover.

The ceded reserves amount to €907.2 million. The run-off represents the main portion of ceded reserves (€886.6 million) and the main partners are Munich Re, GenRE, Scor and Ergo Versicherung..

Premiums ceded are equal to €18 million at 30 September 2019 compared to €29 million in the same period of 2018; the decrease of 38% is attributable to the reduction in premiums for the subsequent years relating to pre-2001 business coming from former ERGO Previdenza.

Interest paid to reinsurers decrease by €9 million due to lower reinsurance deposit volumes and lower segregate fund yield based on which the interest are calculated.

Gross financial incomes

Gross financial incomes, net of related charges (including interest expense on reinsurers' deposits) show a slight increase (+€3 million) compared to the same period of 2018. They include realized gains deriving from the re-assets allocation to align the assets and liabilities duration for €23.5 million (net of policyholders participation) and management fees on Unit linked AuMs for €114 million.

Gross acquisition costs

Gross acquisition costs decrease by 6%, moving from €115 million at 30 September 2018 to €109 million. The decrease is mainly attributable to lower acquisition commission on traditional product and lower trailing fees on Unit Linked AuMs.

General expenses

General expenses decrease by 10% including the saving coming from the process optimisation programs, the logistic reorganisation, the corporate cost saving and the application landscape rationalisation in the operating efficiency perimeter to drive growth. As at 30 September 2019, the Group had 232 employees.