EUROVITA

Valore alle tue prospettive

FINANCIAL STATEMENTS 2020

Eurovita S.p.A.

Registered Address and Headquarters:
20141 Milan, Italy
Via Pampuri 13

Fully paid-in share capital € 90,498,908

Company authorized to provide life insurance
under Ministerial Decree dated 6 April 1992
(Italian OJ No. 85 of 10 April 1992)

Company under management and coordination
of Eurovita Holding S.p.A.

TABLE OF CONTENTS

COMPOSITION OF CORPORATE BODIES

BOARD OF DIRECTORS

Chairman	Davide CROFF
Chief Executive Officer	Erik STATTIN
Directors	Heinz-Peter ROSS
	Caspar BERENDSEN
	Eugenio PREVE
	Andrea BERTOLINI
	Mario CUCCIA

BOARD OF STATUTORY AUDITORS

Chairman	Claudio MAUGERI
Standing auditors	Marcello ROMANO
	Antonio Carlo DOGLIOTTI

INDEPENDENT AUDITOR

KPMG S.p.A.

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The composition of the Board of Directors was that in effect at the date of presentation of this document.

EUROVITA

REPORT ON OPERATIONS

Dear Shareholders,

The financial statements of Eurovita S.p.A. for the year ended 31 December 2020, which we submit for your approval, show a net profit of €11.2 million.

Eurovita S.p.A. was established on 31 December 2017 from the merger of three companies acquired by Cinven in 2016 and 2017. Following the above merger and the simultaneous decision to favour accounting standards suitable for ensuring the continuity of values with the consolidated financial statements, thus reflecting their impacts also in the separate financial statements, the income statement of Eurovita S.p.A., in addition to the contribution of the two merged companies, the former OMWI and the former EVA, also reflects the purchase price allocation (PPA).

The foregoing produced significant impacts such as the amortisation of the merged companies' VIF (a gain of approximately €22.0 million), the negative impact deriving from different amortised costs and different gains/losses on disposals in the securities portfolio, partially offset by the shadow accounting effect (€19.1 million).

On 18 December 2019, Eurovita S.p.A., with the aim of continuing on the path of creation and consolidation of a leading independent company in the Italian market, acquired 100% of the share capital of Pramerica Life S.p.A. The latter is a small company operating in the Italian Life insurance market, which ended the 2020 financial year with €1.3 billion in technical provisions, premium income of €137 million and a profit for the period of €4.2 million.

The most significant data emerging at the end of 2020 are shown in the following table, compared with 2019:

(amounts in Euro million)

	31 december 2020	31 december 2019	change	ch. %
Gross earned premiums	**1.192,2**	2.003,7	-811,6	-40,5%
Acquisition costs and admin. exp.	**75,1**	60,7	14,4	23,7%
Net insurance benefits and claims	**1.282,7**	2.065,2	-782,6	-37,9%
Total financial income	**286,2**	274,6	11,6	4,2%
Total financial charges	**65,6**	52,4	13,2	25,2%
Investments	**17.738,4**	17.828,7	-90,3	-0,5%
Capital and reserves	**486,2**	536,6	-50,4	-9,4%
Net profit	**0,12**	0,35		
Number of employees	**228**	226		
Average number of employees	**229**	220		

1. Overview of the economic situation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Situation of the Italian Life Insurance Market

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

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

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

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

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

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

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

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

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

New annual business by distribution channel

Italian and non-EU companies (in millions of euro)

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

N.B.: Percentage changes are calculated with reference to figures in Euro thousand.
(*) This figure includes premiums earned in Italy by a sample group of representation in EU enterprises under freedom of establishment and freedom to provide services.

Breakdown of premiums by type and distribution channel

(individual and collective)		BREAKDOWN OF PREMIUMS BY CHANNEL					
TYPE OF PREMIUMS	**No. of policies /adhesions**	**Bank and post office branches**	**Agents**	**Directly operated agencies**	**Qualified Financial Advisers**	**Other forms (including Brokers)**	**Total**
Annual	18,0%	0,4%	2,0%	1,1%	0,1%	1,2%	0,6%
Single	61,9%	96,0%	87,4%	87,4%	98,5%	84,0%	94,8%
Recurring	20,1%	3,6%	10,6%	11,5%	1,4%	14,8%	4,6%
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**

(Source: ANIA – Trends - February 2021)

3. The Company's Performance

The financial statements of Eurovita S.p.A. at 31 December 2020 show a net profit of €11.2 million, compared with a profit of €31.7 million at the end of 2019.

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

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

  new business, amounting to €1.045,6 million, decreased by 43.3% compared with the previous financial year, due to a decrease in single premiums, which amounted to €714.7 million, and a decrease in annual premiums, which amounted to €82.7 million;
- the premium income on financial products, classified under IAS 39 in accordance with IAS/IFRS, was €462.7 million, compared with €485.6 million in 2019, a decrease of over €22.9 million;

- in 2020, indirect business, concentrated on run-off treaties with Spanish and Belgian companies of the ERGO group, resulted in premium income of €4.6 million, compared with €5.2 million in the previous financial year, i.e. a decrease of 11%;
- premiums ceded decreased by 52.7% due to the decrease in premiums of subsequent years ceded under treaties relating to business before 2001 originating from the network of the former Ergo Previdenza (ceded premiums of €14.0 million compared with €29.6 million in the previous year);
- Investment income, net of relevant expenses (excluding interest expense on reinsurers' deposits) stood at €220.6 million, compared with €238.9 million in 2019. It should be recalled that the volatility of the investment portfolio caused by the adoption of the 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. Segregated funds and therefore the associated products and related provisions, were valued by only taking into account realised capital gains or losses and consequently were not directly influenced by the performance of market rates but by the return on the underlying assets. The Company is however aware of the uncertainty of net contingent capital gains in its investment portfolio and monitors the performance of the financial markets. It is believed that the intrinsic volatility in measuring assets at fair value does not currently require the Company to carry out any other market operations and hedges as further specified below.

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

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

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

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

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

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

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

As per the Capital Plan, in order to strengthen its solvency position, the Company also issued a new Tier 2 subordinated loan of €50 million on 21 February 2020.

With reference to the penalty proceedings currently only involving Eurovita S.p.A., on 10 January 2020, by Order No. 5356/20, IVASS sent a final proposal for the preliminary investigation phase, imposing a penalty of €50,000 for irregularities relating to the calculation of Best Estimate Liabilities and a penalty of €50,000 for irregularities concerning methodological shortcomings in the Solvency II process. Both penalties were reduced by one-third to take into account the corrective measures adopted, with the overall penalty thus amounting to €67 thousand

With regard to the risks to which the Company is exposed, please refer to the appropriate section in the notes to the financial statements.

Based on the requirements of ISVAP Regulation No. 7/2007, mandatory information regarding compliance with Solvency Capital Requirements, in particular the amount of the Solvency Capital Requirement and Minimum Capital Requirement, as well as the eligible amount of own funds to cover the above requirements classified by tier, is shown below:

Own funds available and eligible for SCR coverage (data in thousands of euro)

	Own funds available	Eligibility adjustments	Own funds eligible
Tier 1 unrestricted	574.297	-	574.297
Tier 1 restricted	-	-	-
Tier 2	171.763	-	171.763
Tier 3	-	-	-
Totale OF	**746.060**	**-**	**746.060**
Totale SCR			**424.734**
Surplus (shortage)			**321.326**

Own funds available and eligible for MCR coverage (data in thousands of euro)

	Own funds available	Eligibility adjustments	Own funds eligible
Tier 1 unrestricted	574.297	-	574.297
Tier 1 restricted	-	-	-
Tier 2	171.763	133.537	38.226
Tier 3	-	-	-
Totale OF	**746.060**	**133.537**	**612.523**
Totale MCR			**191.130**
Surplus (shortage)			**421.393**

In accordance with Article 62 – Transitional provisions of IVASS Order No. 53/2017, it should be noted that the data relating to the Solvency Capital Requirement and the Minimum Capital Requirement specified above is understood to be an estimate only. The corresponding final data will be communicated to the Supervisory Authority and included in the Solvency and Financial Condition Report (SFCR) according to the timeframe established by the IVASS regulations pertaining to Solvency II.

4. Sales networks

In 2020, the Company continued to rely on various distribution channels for the performance of insurance brokerage activities:

- the agents' channel;
- the advisory networks channel;
- the bancassurance channel.

However, it should be noted that during the first half of the year some strategic decisions were taken that changed the Company's overall distribution structure.

In particular, the agency channel was closed and the number of agreements for the banking channel was fully rationalised.

Corporate strategies must concentrate on focus and size in order to be successful. Eurovita, with ERGO Previdenza, has had a historic and loyal agents' network which it has not been able to grow over time to a size that makes the model economically sustainable, in view of both its almost exclusive focus on Class I products and investment in systems, skills and dedicated resources needed to remain competitive. This situation became even more evident and made more urgent by the crisis triggered by Covid-19.

With this simplification, the Company has been able to focus all of its efforts and resources on developing a business model exclusively based on banking partners and financial advice. With this in mind, on 30 July 2020 the Company entered into a Life product distribution agreement with Deutsche Bank, which will involve both the advisory networks channel and the bancassurance channel.

Agents' channel

Support for this network focuses on assistance, coaching, commercial support, development, and coordination of training activities for the agencies.

At 31 December 2020, the channel comprised the following:

15 traditional agencies (including the codes of the HQ agency)
12 brokerage firms

Since the first half of 2020, the reorganisation activities during the year resulted in the closure of 77 traditional agencies, with 15 kept open. The Company's customer portfolio was transferred under the Company's direct management at the same time as closure of the channel.

The overall situation of the brokers' network is as follows:

	Northern Italy	Central Italy	Southern Italy and major islands	Total
Situation at 31.12.2019	38	39	15	92
Open agencies	0	0	0	0
Closed agencies	28	36	13	77
Situation at 31.12.2020	**10**	**3**	**2**	**15**

At 31 December 2020, new business (i.e. initial premiums + additional payments) amounted to approximately €100 million. This result was affected by the progressive closure of the traditional agencies channel.

The training and continual professional development plan for brokers continued as usual. Due to the health emergency, the emphasis was on remote delivery through the myAcademy training portal.

Lastly, the ongoing verification of the professional requirements of all brokers entered on the Italian Register of Intermediaries continued, in compliance with the statutory provisions governed by ISVAP Regulation No. 5, concerning insurance brokerage activities, with the consequent cancellation of approval for all brokers not complying with the law.

Bancassurance channel

In 2020, insurance brokerage took place mainly through banking partners, sometimes organised through regional federations or reference agencies.

In 2020, the network of banking partners was streamlined.

One consequence of the Coronavirus pandemic was a narrowing of the technical margins on the financial results of the investments allocated to cover Class I products, leading the Company - among the actions necessary to achieve an equal mix of new business between Class I and Class III in the medium term - to terminate agreements with those banks that were exclusively focused on segregated funds products. For the same purpose, commercial initiatives were launched to streamline the Company's portfolio.

In line with the business plan, the Company set strategic objectives aimed at consolidating partnerships with the distribution network and the updating of the product catalogue continued.

Training activities continued, with a focus on technical, regulatory and economic courses following a consultative approach to address customers' needs and insurance requirements.
Through the myAcademy training portal, the Company has provided distance training courses and training monitoring tools to support individual distributors through authorised parties.

As at 31 December 2020, new business (i.e. initial premiums + additional payments) amounted to approximately €780 million.

The advisory network channel

After an initial phase with some inefficiencies linked to the migration of the portfolio system, the commercial path was re-established. Strong interest was generated, partly due to the current market dynamics, with premium income mainly focused on Class I and Multi-class products, in preference to Unit-linked products.

During the year, some of the main financial advisory companies expanded their product range, historically limited to Unit-linked products, to include segregated funds, Multi-class products and term insurance.
Fineco is a clear example of this. Partly due to this evolution of the offer, Fineco strengthened its partnership with Eurovita after a few years of decline.
In terms of agreements, no new distribution partnerships started.
Training through webinars and e-learning provision via the myAcademy training portal also continued in this channel.

As at 31 December 2020, new business (i.e. initial premiums + additional payments) amounted to approximately €600 million.

5. New business

In 2020, new business stood at the following levels (policies in units and premiums in euro million):

(amounts in Euro million)

	2020		2019	
Insurance Products / Financial and Insurance products with DPF	**Individual policies**	**Collective policies**	**Individual policies**	**Collective policies**
Annual premiums	57,0	2,1	109,3	1,0
Single premiums	985,5	1,3	1.727,3	5,9
	1.042,4	**3,3**	**1.836,6**	**6,9**
Prodotti Finanziari	**Individual policies**	**Collective policies**	**Individual policies**	**Collective policies**
Annual premiums	4,8	-	4,0	-
Single premiums	449,7	-	471,8	-
	454,5	**-**	**475,8**	**-**
Policy number	**18.341**	**3.742**	**39.407**	**4.395**

The comparison with the results of the previous financial year shows marked growth in new business linked to insurance products and a slight decrease in financial products.

Specifically, €51.2 million fewer annual premiums relating to insurance products were written compared with the previous year, while single premiums decreased by €746.5 million. Meanwhile, for financial products, the contraction in single premiums amounted to €22.1 million.

The decrease in new business follows strategic choices made by the Company in order to increase profitability through lower Class I sales, including by streamlining the sales network and the agreements in place with distribution partners. New business was also affected by negative trends in the market, which stood at €96.2 billion after two years of continuous growth, down 7.4% year on year.

6. Premiums written

The premiums written relating to direct business alone amounted to €1,187.5 million in 2020.

The following is a summary, on a like-for-like basis, of premiums issued for direct business by geographical area (amounts in millions of euro):

(amounts in Euro million)

	2020	2019	Change in %
- Northern Italy	**648,0**	1.134,5	-42,9%
- Central Italy	**356,7**	412,7	-13,6%
- Southern Italy and major islands	**182,8**	451,3	-59,5%
- Foreign countries	**0,0**	0,0	
Total	**1.187,5**	**1.998,5**	**-40,6%**

Overall, the Company's distribution activity is spread throughout the country, with a prevalence in northern Italy. The breakdown by geographical area is influenced by sales networks distributed throughout the country.

The total amount of premiums issued, including accessories and values relating to indirect business, is given in detail in the following table (amounts in millions of euro):

(amounts in Euro million)

	2020	2019	Change in %
Direct business			
Annual premiums			
- new business	**27,7**	110,3	-74,9%
- business from prior years	**141,7**	155,4	-8,8%
Total annual premiums	**169,4**	**265,7**	**-36,2%**
Total single premiums	**1.018,1**	1.732,8	-41,2%
Total direct business premiums issued	**1.187,5**	**1.998,5**	**-40,6%**
Indirect business	**4,6**	5,2	-11,5%
Total direct and indirect business	**1.192,2**	**2.003,7**	**-40,5%**

New business with annual premiums decreased by 75% in 2020, from a premium volume of €110.3 million in 2019 to €27.7 million. Meanwhile the component linked to quittances decreased by 9% on the previous year, from €155.4 million to €141.7 million.

Premium income from single premium products decreased by 41%, from €1,732.8 million in 2019 to €1,081.1 million in 2020.

Premiums from indirect business were down 11%, due to the fact that, as of 1 January 2009, the Company no longer reinsured 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 according to the same rules as premiums written as they are considered deposits) amounted to €462.7 million in 2020 (including €454.5 million in new business), down from €485.7 million in 2019.

7. Trends in claims and redemptions

The following table summarises the overall data on the amount of the Company's claim settlements at year end, broken down by type, compared with data for 2019 (amounts in millions of euro):

(amounts in Euro million)

	Value at 31/12/2020	Value at 31/12/2019	Change	Change in %
Claims paid	**163,4**	134,0	29,4	21,9%
Redemptions paid	**777,7**	437,2	340,5	77,9%
Maturities liquidated	**938,7**	965,3	-26,6	-2,8%
Change in reserves for amounts to be paid	**24,6**	53,9	-29,3	-54,4%
Total gross	***1.904,4***	***1.590,4***	***314,0***	***19,7%***
Claims paid	**-10,2**	-11,1	0,9	-8,1%
Redemptions paid	**-8,1**	-14,7	6,6	-44,9%
Maturities liquidated	**-416,3**	-476,3	60,0	-12,6%
Change in reserves for amounts to be paid	**-3,4**	-28,3	24,9	-88,0%
Total portion borne by reinsurers	***-438,0***	***-530,3***	***92,4***	***-17,4%***
Total including reinsurance	**1.466,4**	**1.060,0**	**406,4**	**38,3%**

Specifically, compared with the previous year, settlement expenses, gross of the reinsurance effect, show an increase in redemptions and claims compared with substantial consistency in maturities paid.

Although the amount of insurance or investment redemptions paid during the year increased by 5% compared with the previous year, the €340 million change in volumes linked to products with a higher insurance content is mainly attributable to the Liquidity Bonus initiative (approximately €145 million).

However, two other phenomena that are hard to quantify in terms of volumes should be taken into account: the diversion of the traditional policy portfolio following the closure of the former ERGO Previdenza agents' channel, and the decision by policyholders to favour products with greater insurance content compared with the volumes of redemptions on investment products that occurred during the previous year.

8. Technical provisions and financial liabilities to policyholders for commitments on investment contracts

Gross technical provisions at 31 December 2020, including amounts to be paid, totalled €11,281.8 million, an increase compared with provisions of €10,872.8 million at the end of 2019. Gross technical provisions increased by €409.0 million compared with the previous year, mainly due to the increase in the shadow accounting reserve linked to unrealised capital gains on segregated funds of €589.2 million, partially offset by both the €51.3 million release of the negative Value in Force (VIF) recorded among provisions following the merger with the former Eurovita Assicurazioni in 2017, and by the negative contribution of cash flows related to premiums and payments.

The shadow accounting provision amounted to €1,309.8 million, compared with €720.6 million in the previous year, while the Value in Force was €118.7 million and reflects the forfeiture of the portfolio of the former EVA (€170.1 million in 2019).

The mathematical provisions relating to with-profits policies take into account returns attributable under specific contractual conditions.

Other technical provisions, amounting to €344.5 million (€320.9 million in 2019) include provisions for future operating expenses of €27.1 million and provisions for amounts to be paid of €317.5 million.

Finally, it should be noted that the adequacy testing of insurance liabilities according to the principles of the Liability Adequacy Test (LAT), carried out according to the methods set out in the relevant section of the notes, showed insufficiencies for certain lines of business totalling €1,280,000 as at 31 December 2020.

The amount of provisions is broken down as follows (amounts in millions of euro):

(amounts in Euro million)

	31/12/2020 Total	31/12/2019 Total	Change
Provisions for policies “Fondo EUROVITA 2000”	**10,4**	11,4	-1,0
Provisions for policies “Fondo EUROVITA Nuovo Secolo”	**2.616,9**	3.099,3	-482,4
Provisions for policies “Fondo EUROVITA Nuovo PPB”	**410,8**	418,7	-7,9
Provisions for policies “Fondo EUROVITA Euroriv”	**3.810,0**	3.800,6	9,4
Provisions for policies “Fondo EUROVITA Futuriv”	**13,5**	14,6	-1,1
Provisions for policies “Fondo EUROVITA Primariv”	**1.801,1**	1.975,6	-174,5
Provisions for policies “Fondo EUROVITA Smart”	**38,3**	40,9	-2,6
Provisions for policies “Fondo EUROVITA Previdenza”	**2,8**	2,8	0,0
Total insurance provisions of segregated funds	**8.703,9**	**9.363,9**	**-660,0**
Provisions for pure risk policies	**73,0**	76,9	-3,8
Supplementary provisions	**37,4**	14,0	23,4
Technical provisions for indirect business	**74,4**	76,0	-1,6
Total pure actuarial reserves	**8.888,7**	**9.530,8**	**-642,0**
Provisions for Unit Linked policies	**616,0**	125,3	490,7
Provisions for supplementary policies	**4,0**	5,2	-1,2
Other technical provisions	**344,5**	320,9	23,6
Shadow Reserves	**1.309,8**	720,6	589,2
VIF	**118,8**	170,1	-51,3
TOTAL INSURANCE PROVISIONS	**11.281,8**	**10.872,8**	**409,0**

Financial liabilities on investment contracts, recognised according to IVASS Regulation No. 7 among financial liabilities measured at fair value through profit or loss, amounted to €6,176.1 million, compared with €6,740.1 million at 31 December 2019, and represent commitments to policyholders for Unit-linked contracts without significant insurance risk. The decrease is attributable to a negative net cash flow contribution in line with market trends.

9. Transactions with reinsurers

The Company mitigates insurance risk through a reinsurance policy focused on hedging death risk on term insurance and PPI products, implemented under surplus share treaties (full €100,000 preservation of the former EP network and full €70,000 preservation of the former EVA network) for term insurance and quota share treaties for PPI.

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

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

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

The portfolio 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 event 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 insurance and PPI policies. Provisions for ceded business as a proportion of provisions for direct business constitute 4% of provisions for with-profits policies, 18% of death risk provisions (term insurance and PPI) and 89% of LTC risk provisions.

There are no alternative risk transfer tools.
The overall result for 2020 was a loss of €5 million for the Company. The table below summarises the commercial reinsurance and risk position compared with the previous financial year on a like-for-like basis.

(amounts in Euro thousand)

	2020		2019	
	Comm. Reins.	**Risk Reins.**	**Comm. Reins.**	**Risk Reins.**
Premiums Ceded	**-11.795,6**	**-2.183,8**	-26.900,0	-2.674,0
Claims	**8.892,5**	**1.211,6**	10.184,4	930,0
Redemptions	**8.098,8**	**0,0**	14.718,4	0,0
Maturities	**416.418,3**	**0,0**	476.256,4	0,0
Change in reserve	**-442.182,7**	**29.369,0**	-456.662,2	-175,3
Commissions	**764,4**	**172,6**	3.874,8	186,1
Other technical income and charges	**119,9**	**399,7**	2.064,8	673,4
Technical sub total	**-19.684,4**	**28.969,0**	23.536,6	**-1.059,7**
Interest on deposits	**-14.205,0**	**-3,0**	-29.440,1	-4,1
Total	**-33.889,4**	**28.966,0**	-5.903,5	**-1.063,8**
GRAND TOTAL	**-4.923,4**		**-6.967,3**	

With regard to outward reinsurance, there are still treaties in place with Ergo Vida and FIATC, companies operating in the Spanish market, although they only regulate annual renewals of the portfolio ceded up to 2004. In 2006, the Company entered into an outward reinsurance treaty for a 20% quota of the new business of ERGO Insurance N.V. België (formerly Hamburg Mannheimer Belgium), a member of the ERGO Group; in January 2009, as previously mentioned, the treaty was not renewed and the reinsurance only concerns the management of annual renewals of contracts previously entered into.

The operating result decreased by €0.3 million from €2.2 million in 2019 to €1.9 million in 2020.

(amounts in Euro thousand)

Commercial Outward Reinsurance		
Result of indirect business	**2020**	**2019**
Premiums borne	**4.626,0**	5.225,4
Claims	**-345,8**	-6.908,0
Redemptions	**-1.350,1**	0,0
Maturities	**-4.212,6**	0,0
Change in reserve	**1.580,1**	2.345,3
Commissions	**-196,9**	-282,7
Change in DAC	**0,0**	0,0
Interest	**1.786,9**	1.837,6
Other net technical income	**0,0**	0,0
Total indirect business	**1.887,8**	**2.217,6**

10. Research & development and new products

The research and development plan for new products in 2020 was first implemented in May with the launch of a new individual savings plan product, "*Eurovita PIR Multimanager*": this is a new unit-linked product created exclusively for Widiba, but also made available to the Company's general catalogue. It

is designed to enable customers to make the most of investment opportunities related to the world of small and medium-sized enterprises, as established by the new 2020 Finance Law, which redefined the rules for the creation of funds underlying individual savings plan products.
Subsequently, in July, the Company entered into *a new distribution agreement with Deutsche Bank S.p.A.* in order to create and distribute a dedicated package of Multi-class and Unit-linked products, which will be marketed from the second quarter of 2021.
The new product offering was then enriched, at the end of October, with the launch of the *new "Eurovita Select" Multi-class policy*, a product dedicated to private clients and exclusively created for the private banking division of Cordusio SIM. This product offers the option of simultaneous investment in Eurovita Nuovo Secolo segregated funds, thus profiting from the cover afforded by segregated funds, and in three new internal funds specifically created for the product (Eurovita Private Select Funds), with advisory services provided by Cordusio.
In December, the Company completed *the definition of the private Multi-class product concept (Eurovita Saving Private and Eurovita Saving Private Plus)*, which was expressly requested by the Cassa di Risparmio di Bolzano with the aim of qualitatively expanding the dedicated catalogue in the first quarter of 2021.

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

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

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

11. Personnel and specific training

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

At 31 December 2020, the Company's workforce included 228 employees (226 employees at 31 December 2019), with an increase of 2 resources. The entire workforce is employed at the registered office at Via Pampuri 13, Milan, as the Company has no secondary offices.

The breakdown of the Company's workforce at the reporting date is as follows:

Company Number of employees	31.12.2020	31.12.2019
Managers	**8**	8
Middle-managers and office workers	**220**	218
Total	**228**	**226**

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

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

These measures are part of the training plan financed by the Fondo Banche Assicurazioni (FBA), approved in September 2019, which is set to end (after an extension) in April 2021. The maximum financing amount is €200 thousand00.

12. Pending Litigation and Provisions for Risks

The amount of the risk provision, equal to €23.5 million (€19.2 million in the previous year), is sufficiently large and includes future disbursements for disputes or risks to which the Company is exposed. Among the most significant, attention should be given to the retirement provision to cover the severance indemnities of the Company's agents, net of their actual recoverability by way of reimbursement, commitments undertaken with employees relating to expenses relating to staff retention and the cost of redundancies through the Solidarity Fund, and probable disbursements for tax disputes and other disputes still pending with former agents and policyholders, including in relation to indexes with issuers in default and with third parties.

Furthermore, given the particular attention paid to the search for the beneficiaries of dormant policies, supported by the Regulator, a risk provision was set aside to deal with any future payments of term insurance policies that are no longer included in mathematical provisions.

In 2019, the Italian Revenue Agency - Lazio Regional Directorate - carried out a tax audit that covered the 2015 and 2016 tax periods, related to the analysis of the tax treatment of dividends paid out by Eurovita Assicurazioni S.p.A. to the former parent company JCF III Eurovita Holding Sarl (incorporated in Luxembourg).

During 2020, the Company reached a settlement with the Revenue Agency in the amount of €3,9 million. This amount was paid in full on 11 January 2021 by the former parent company JCF Eurovita Holding Sarl under a specific agreement between the parties entered into during the purchase of Eurovita Assicurazioni S.p.A; the dispute is therefore resolved.

During the year, the ongoing dispute related to the former Rome headquarters of the merged company Eurovita Assicurazioni S.p.A. was concluded with the payment of an expense of €3.6 million, drawn from the provision for risks previously set aside of €2.4 million. Financial settlement occurred in the first days of 2021.

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

The following table is a summary of changes in risk provisions from 31 December 2019 to 31 December 2020, showing provision charges and uses, broken down by type of risk:

(amounts in Euro thousand)

	Amount at 31/12/2019	Increase	Decrease	Amount at 31/12/2020
Tax litigation	**1.224**	**65**	**-65**	**1.224**
Provisions for defaulted index-linked policies	**2.760**	**0**	**-398**	**2.362**
Sundry disputes with third parties	**4.092**	**4.000**	**-2.404**	**5.688**
Dormant policies	1.000	0	0	**1.000**
Other accruals	3.092	4.000	-2.404	**4.688**
Agency network provisions	**7.243**	**477**	**-1.280**	**6.440**
Agents' pension scheme	5.135	129	-307	**4.957**
Agency network restructuring	2.108	348	-973	**1.482**
Litigation with agency network	**1.066**	**0**	**-219**	**847**
Sundry disputes with customers	**1.099**	**1.401**	**-62**	**2.438**
Other personnel provisions	**1.752**	**3.382**	**-634**	**4.501**
Total Provisions	**19.236**	**9.324**	**-5.061**	**23.499**

13. Equity and financial management

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

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

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

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

The investment strategy adopted by the Company combines a top-down approach, i.e. starting from the definition of its capital management strategy (strategic asset allocation), based on the study of macroeconomic variables and risk diversification, to reach a precise definition of investments by analysing the fundamental data, both current and forward-looking, of individual investments (bottom-up approach).

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

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

Furthermore, some investment restrictions were defined in order to 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 and bonds of financial issuers and corporate investment grade) are made under management mandates with financial managers with a high international standing (BNP Paribas AM - Goldman Sachs AM);
- investments in other liquid financial instruments (mainly bonds of Emerging Countries and High Yield bonds of European and American issuers) are made by investing in multi-asset fixed-income funds, which enable flexible, diversified (between and within the various asset classes) and global (geographically) management. 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 investment result amounted to €220.6 million, down slightly compared with the previous financial year (-0.7% compared with €222.2 million in 2019). Investment income increased by €2.7

million due to a €12.6 million decrease in interest expense accrued on reinsurance deposits and bond loans, taking into account the expiry of the former ERGO Previdenza portfolio, which offset a €9.5 million decrease in income from ordinary operations due to the low rates of return offered by the markets. The contribution from gains on disposals was flat (€37 million in 2020 compared with €36.9 million in the previous year) as was the contribution from valuations (-€6.5 million in 2020 compared with -€6.1 million in the previous year). Net income from financial instruments at fair value through profit or loss brought a positive contribution totalling €9.9 million (down €4.3 million in 2020, compared with an increase of €14.1 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 (€37 million in 2020 compared with €36.9 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 €6.5 million due to final write-downs brought to light by the impairment test, recorded on equity investments of some product placing banks and on units of Alternative Investment Funds (AIF).

Valuation of the investment portfolio

The Company's total investment portfolio at book value amounted to €17,738 million at 31 December 2020 (€17,829 million at 31 December 2019).

The duration of its portfolio's direct bond component (10.2 years) increased significantly compared with the previous financial year (8.9 years at the end of 2019) as new purchases were mainly concentrated on the medium/long-term portion of the curve, in line with the maturities of commitments in view of ALM, also due to an increase in the duration of liabilities due to a natural replacement of the assets in the portfolio of the former company ERGO Previdenza reaching maturity.

The "Loans and receivables" portfolio, amounting to €588.8 million (€732.6 million in 2019), represents 3.3% of the total portfolio, showing net unrealised capital gains of €60.8 million, an increase on the same figure for 2019 (€3.8 million). The decrease in the item as at 31 December 2020 is mainly due to the reduced use of repurchase agreements (-€18 million compared with the end of the previous year), €55 million in maturing securities and the reclassification of €50 million of securities to the item "Available-for-sale financial assets".

The portfolio of "Available-for-sale (AFS) financial assets", amounting to €10,317 million (€10,193.2 million in 2019), represents 58.3% of the total portfolio and shows a positive equity reserve (the difference between the market value and amortised cost) of €1,327.4 million, an increase of €511.3 million on the value recorded in the previous year. The equity reserve again benefited from the significant decrease in interest rates in 2020, as well as the significant improvement in spreads on Italian government securities.

"Financial assets measured at fair value through profit or loss", equal to €6,803.7 million (€6,874.0 million in 2019), represent 38.4% of the total portfolio and essentially consist of securities underlying Unit-linked products classed as investments with DPFs. This item benefits from the good performance of the financial markets, which the portfolios are linked to both in terms of performance of the stock markets and in terms of interest rates for the bond component.

Further Information

In 2020, 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.

14. Trends in overhead expenses and acquisition costs

Overhead expenses, including the amortisation of intangible assets, amounted to €59.3 million, up on the same period of the previous year (€56.5 million in 2019). This increase was mainly due to higher personnel costs of €3.9 million, together with a €0.2 million decrease in IT costs and a €1.6 million decrease in sales and marketing expenses. The €3.9 million increase in personnel costs includes €3.4 million in extraordinary costs relating to personnel leaving in 2021 and €1.3 million in extraordinary IAS 19 provisions, partially offset by a €0.2 million decrease in costs for temporary personnel and a decrease of €0.6 million in employee costs.

The Company incurred costs of €1.3 million related to chargebacks of personnel expenses, including €1.2 million charged back by Eurovita Holding S.p.A. and €0.1 million by Pramerica Life S.p.A.; it also charged back a total of €1.3 million to other Group companies, including €0.9 million for personnel expenses 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 €24.5 million, down from the €37.1 million recorded in 2019 (-34.0%), in line with the decrease in business. Acquisition costs received from reinsurers amounted to €1.5 million (€6.9 million at 31 December 2019). Maintenance costs for the Class I and III portfolio amounted to €110.4 million (€112.6 million at 31 December 2019).

The decrease in acquisition costs and maintenance costs mainly relates to a decrease in total business of €341.6 million (-17.3%) and a different product mix, particularly oriented towards Class III products (Class I premiums decreased by €919.0 million and Class III premiums increased by €577.7 million).

15. IT systems, organisation and major projects

In 2020, in line with its strategic business plan, the Company pursued its IT systems and operational processes development plan in order to achieve the full integration of Eurovita S.p.A. with the three companies merged at 31 December 2017, including for the purpose of being fully compliant with the new standards and taking advantage of new market opportunities.

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

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

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

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

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

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

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

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

16. Management and coordination

The Company is subject to the management and coordination of the parent company Eurovita Holding S.p.A. Eurovita Holding S.p.A. continues - *inter alia* - to meet the requirements of Article 5 of IVASS Regulation No. 22/2017 to qualify as parent company of the insurance group. The Company is, in fact, still the ultimate Italian holding company pursuant to Article 210, paragraph 2, of Legislative Decree No. 209/2005.

A greater analysis of transactions with the entity carrying on coordination and control activities is set out in detail in paragraph 17 below.

17. Transactions with Group companies and related parties

Details of transactions with the entity exercising coordination and control activities and with all the Group companies are provided below.

Eurovita Holding S.p.A.: in 2020, services amounting to €0.8 million were re-billed to the Group companies and personnel expenses of €1.4 million were charged back.

Pursuant to the applicable provisions on the subject, it should be noted that during 2020, no material related party transactions were identified:

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

Agenzia Eurovita S.r.l.: during the year, the principal Eurovita S.p.A. announced its intention, for strategic reasons, to exercise its right to terminate the agency contract entered into with the Company. On 26 November 2020, a framework agreement was signed to define the outstanding assets on that date. To the mutual satisfaction of both parties and in view of the provisions of the National Agents' Agreement of 2003, the Contract is understood as having been terminated by mutual consent on 30 November 2020. Severance indemnities of €4.9 million will be paid in full during 2021.

Agenzia Eurovita accrued commissions from Eurovita S.p.A. of €0.8 million and €100,000 in services costs were recovered.

The commission rates paid by Eurovita were reduced from the second half of 2012 to take into account the fact that part of the collection activities were being carried out directly by the Company, while the reimbursement of portfolio recoveries that the Company charged back at the end of the financial year is governed by the National Agents' Agreement. All the contractual relationships described above were settled at market conditions, unless specified otherwise.

Pramerica Life S.p.A.: on 18 December 2019, Eurovita S.p.A. acquired all the shares of Pramerica Life S.p.A. and its subsidiary Pramerica Marketing S.r.l. for a total cost of €28.8 million.

At the same time as the acquisition, Eurovita S.p.A. subscribed for a bond loan of €11.4 million issued by Pramerica Life with a 7-year maturity and a coupon of 7%, in order to strengthen the subsidiary's capital structure. This loan, which was in place before the acquisition, was irredeemable, i.e. Tier-1, and had been subscribed by Prudential International Insurance Holdings LTD. Post acquisition, it was converted into Tier 2.

Pramerica Marketing S.r.l.: this company, wholly owned by Pramerica Life, plays a brokering role for the sale of insurance products in the market. On 29 January 2020, the Board of Directors resolved to dissolve the Company by liquidation. Eurovita S.p.A. has no dealings with Pramerica Marketing S.r.l.

At the end of financial year 2020, Eurovita S.p.A. held no shares of the holding company or of associates in its investment portfolio.

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

18. Exposure to risk

Please refer to Section 5.C of the notes to the financial statements.

19. Business outlook

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

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

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

20. Significant events after the end of the financial year

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

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

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

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

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

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

Dear Shareholders,

It is hereby proposed that you approve these financial statements, which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the notes to the financial statements, together with the Report on Operations.

The profit for the year 2020 amounted to €11,207,235.24.

We hereby propose to allocate the entire profit for the year to retained earnings.

Concluding this report, we would like to thank Shareholders and Policyholders for the trust shown in the Company.

We would also like to thank our sales networks, their staff and our employees, who, through their activity and commitment, have made it possible to achieve the results described in this report.

Milan, 26 March 2021

FOR THE BOARD OF DIRECTORS

Chief Executive Officer

Erik STATTIN

EUROVITA

FINANCIAL STATEMENTS AND DISCLOSURE

BALANCE SHEET - ASSETS

(amounts in Euro)

		31/12/20	31/12/19
1	**INTANGIBLE ASSETS**	**81.032**	**92.792**
1.1	Goodwill	**22.050**	22.050
1.2	Other intangible assets	**58.981**	70.742
2	**TANGIBLE ASSETS**	**19.103**	**20.358**
2.1	Land and buildings (self used)	**18.636**	19.798
2.2	Other tangible assets	**467**	560
3	**AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS**	**357.935**	**770.748**
4	**INVESTMENTS**	**17.738.441**	**17.828.703**
4.1	Land and buildings (investment properties)	**-**	-
4.2	Investments in subsidiaries, associated companies and joint ventures	**28.842**	28.842
4.3	Held to maturity investments	**-**	-
4.4	Loans and receivables	**588.823**	732.586
4.5	Available for sale financial assets	**10.317.041**	10.193.225
4.6	Financial assets at fair value through profit or loss	**6.803.735**	6.874.049
5	**RECEIVABLES**	**100.759**	**105.889**
5.1	Receivables arising out of direct insurance operations	**27.511**	43.563
5.2	Receivables arising out of reinsurance operations	**3.610**	3.576
5.3	Other receivables	**69.638**	58.749
6	**OTHER ASSETS**	**414.588**	**441.559**
6.1	Non-current assets or disposal groups classified as held for sale	**-**	-
6.2	Deferred acquisition costs	**37.187**	41.659
6.3	Deferred tax assets	**-**	-
6.4	Tax receivables	**270.237**	298.128
6.5	Other assets	**107.164**	101.773
7	**CASH AND CASH EQUIVALENTS**	**21.140**	**54.744**
TOTAL ASSETS		**18.732.997**	**19.314.793**

BALANCE SHEET - LIABILITIES AND SHAREHOLDERS' EQUITY

(amounts in Euro)

		31/12/20	31/12/19
1	**SHAREHOLDERS' EQUITY**	**497.403**	**568.346**
1.1	Share capital	**90.499**	90.499
1.2	Other equity instruments	**-**	-
1.3	Capital reserves	**276.793**	276.793
1.4	Revenue reserves and other reserves	**85.284**	53.557
1.5	(Own shares)	**-**	-
1.6	Reserve for currency translation differences	**-**	-
1.7	Reserve for unrealized gains and losses on available for sales financial assets	**33.461**	124.878
1.8	Reserve for other unrealized gains and losses through equity	**158**	-9.109
1.9	Result of the period	**11.207**	31.727
2	**OTHER PROVISIONS**	**23.499**	**19.236**
3	**INSURANCE PROVISIONS**	**11.281.771**	**10.872.803**
4	**FINANCIAL LIABILITIES**	**6.644.129**	**7.544.074**
4.1	Financial liabilities at fair value through profit or loss	**6.270.248**	6.808.156
4.2	Other financial liabilities	**373.881**	735.918
5	**PAYABLES**	**154.537**	**152.804**
5.1	Payables arising out of direct insurance operations	**25.563**	28.282
5.2	Payables arising out of reinsurance operations	**69.267**	75.770
5.3	Other payables	**59.707**	48.752
6	**OTHER LIABILITIES**	**131.659**	**157.531**
6.1	Liabilities directly associated with non-current assets and disposal groups classified as held for sale	**-**	-
6.2	Deferred tax liabilities	**36.402**	65.114
6.3	Tax payables	**41.863**	43.049
6.4	Other liabilities	**53.394**	49.368
TOTAL EQUITY AND LIABILITIES		**18.732.997**	**19.314.793**

INCOME STATEMENT

(amounts in Euro)

		31/12/20	31/12/19
1.1	**Net earned premiums**	**1.178.192**	**1.974.145**
1.1.1	*Gross earned premiums*	**1.192.172**	*2.003.719*
1.1.2	*Earned premiums ceded*	**-13.979**	*-29.574*
1.2	Fee and commission income and income from financial service activities	**125.430**	99.843
1.3	Net income from financial instruments at fair value through profit or loss	**9.854**	14.118
1.4	Income from subsidiaries, associated companies and joint ventures	**-**	-
1.5	Income from other financial instruments and land and buildings (investment properties)	**276.295**	260.435
1.5.1	*Interest income*	**176.801**	*173.072*
1.5.2	*Other income*	**25.338**	*38.603*
1.5.3	*Realized gains*	**74.156**	*48.760*
1.5.4	*Unrealized gains and reversal of impairment losses*	**-**	*-*
1.6	Other income	**32.077**	63.557
1	**TOTAL INCOME**	**1.621.849**	**2.412.098**
2.1	Net insurance benefits and claims	**1.282.661**	**2.065.244**
2.1.1	*Claims paid and change in insurance provisions*	**1.304.468**	*2.110.439*
2.1.2	*Reinsurers' share*	**-21.808**	*-45.195*
2.2	Fee and commission expenses and expenses from financial service activities	**90.289**	99.990
2.3	Expenses from subsidiaries, associated companies and joint ventures	**-**	-
2.4	Expenses from other financial instruments and land and buildings (investment properties)	**65.569**	52.363
2.4.1	*Interest expenses*	**21.842**	*34.429*
2.4.2	*Other expenses*	**-**	*-*
2.4.3	*Realized losses*	**37.182**	*11.859*
2.4.4	*Unrealized losses and impairment losses*	**6.546**	*6.075*
2.5	*Acquisition and administration costs*	**87.925**	*72.643*
2.5.1	*Commissions and other acquisition costs*	**49.924**	*38.383*
2.5.2	*Investment management expenses*	**12.842**	*11.960*
2.5.3	*Other administration costs*	**25.159**	*22.299*
2.6	Other expenses	**82.039**	75.610
2	**TOTAL EXPENSES**	**1.608.483**	**2.365.848**
	EARNINGS BEFORE TAXES	**13.367**	**46.249**
3	**Taxation**	**2.159**	**14.522**
	EARNINGS AFTER TAXES	**11.207**	**31.727**
4	**RESULT OF DISCONTINUED OPERATIONS**	**-**	**-**
	RESULT OF THE PERIOD	**11.207**	**31.727**

STATEMENT OF COMPREHENSIVE INCOME

(amounts in Euro)

	31/12/20	31/12/19
RESULT OF THE PERIOD	**11.207**	**31.727**
Items that may not be reclassified to profit and loss in future periods	**30**	**-56**
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	**30**	-56
Other	**-**	-
Items that may be reclassified to profit and loss in future periods	**-82.180**	**130.549**
Foreign currency translation differences	**-**	-
Net unrealized gains and losses on investments available for sale	**-91.417**	142.972
Net unrealized gains and losses on cash flows hedging derivatives	**9.237**	-12.424
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	**-82.150**	**130.493**
TOTAL COMPREHENSIVE INCOME	**-70.943**	**162.220**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(amounts in Euro)

	Amount as at 31.12.2018	Change in amounts	Allocation	Transfer to profit or loss account	Other transfer	Amount as at 31.12.2019
Share capital	90.498.908	0	0		0	90.498.908
Other equity instruments	0	0	0		0	0
Capital reserves	219.093.364	0	57.700.000		0	276.793.364
Revenue reserves and other reserves	22.671.366	0	0		30.885.478	53.556.844
(Own shares)	-520	0	0		520	0
Result of the period	30.885.478	0	31.727.143		-30.885.478	31.727.143
Other comprehensive income	-14.723.597	0	145.947.285	-15.454.375	0	115.769.314
Total	**348.425.000**	**0**	**235.374.429**	**-15.454.375**	**520**	**568.345.574**

(amounts in Euro)

	Amount as at 31.12.2019	Change in amounts	Allocation	Transfer to profit or loss account	Other transfer	Amount as at 31.12.2020
Share capital	90.498.908	0	0		0	90.498.908
Other equity instruments	0	0	0		0	0
Capital reserves	276.793.364	0	0		0	276.793.364
Revenue reserves and other reserves	53.556.844	0	0		31.727.143	85.283.987
(Own shares)	0	0	0		0	0
Result of the period	31.727.143	0	11.207.235		-31.727.143	11.207.235
Other comprehensive income	115.769.314	0	-698.213	-81.451.614	0	33.619.487
Total	**568.345.575**	**0**	**10.509.022**	**-81.451.614**	**0**	**497.402.982**

CASH FLOW STATEMENT (indirect method)

(amounts in Euro)

	31/12/19	31/12/18
Earnings before taxes	**13.366.728**	**46.249.367**
Changes in non-cash items	**883.469.530**	**1.565.235.576**
Change in the provisions for unearned premiums and for unexpired risks for non-life segment	0	0
Change in the provisions for outstanding claims and other insurance provisions for non-life segment	0	0
Change in the mathematical provisions and other insurance provisions for life segment	821.781.438	1.535.030.643
Change in deferred acquisition costs	4.471.831	-6.021.326
Change in other provisions	4.262.959	-2.886.043
Other non-cash expenses and revenues arising out of financial instruments, investment properties and investments in subsidiaries, associated companies and joint ventures	54.318.575	62.897.311
Other changes	-1.365.273	-23.785.009
Change in receivables and payables from operating activities	**-351.246**	**58.779.777**
Change in receivables and payables arising out of direct insurance and reinsurance operations	6.795.740	29.579.190
Change in other receivables and payables	-7.146.986	29.200.587
Income taxes paid	**3.046.669**	**-10.247.802**
Net cash flows from cash items related to investing or financing activities	**-537.907.574**	**199.847.657**
Financial liabilities related to investment contracts	-537.907.574	199.847.657
Payables to banking and inter-banking customers	0	0
Loans and receivables from bank and interbank customers	0	0
Other financial instruments at fair value through profit or loss	0	0
NET CASH FLOWS FROM OPERATING ACTIVITIES	**361.624.107**	**1.859.864.575**
Net cash flows from investment properties	0	0
Net cash flows from investment in subsidiaries, associated companies and joint ventures	0	-28.842.158
Net cash flows from loans and receivables	140.170.383	-290.656.485
Net cash flows from held to maturity investments	0	0
Net cash flows from available for sale financial assets	-256.690.678	-980.116.349
Net cash flows from tangible and intangible assets	13.015.176	-5.643.195
Net cash flows from other investing activities	70.313.927	-188.233.722
NET CASH FLOWS FROM INVESTING ACTIVITIES	**-33.191.192**	**-1.493.491.909**
Net cash flow from equity instruments	0	57.700.000
Net cash flow from own shares	0	520
Dividends payment	0	0
Net cash flow from equity instruments third party	0	0
Net cash flow from subordinate liabilities and from participation financial instruments	0	0
Net cash flow from other financial liabilities	-362.037.022	-430.151.028
CASH FLOW FROM FINANCING ACTIVITIES	**-362.037.022**	**-372.450.508**
Effect of exchange rate changes on cash and cash equivalents	**0**	**0**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	54.743.626	60.821.469
CHANGE IN CASH AND CASH EQUIVALENTS	-33.604.106	-6.077.842
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**21.139.520**	**54.743.626**

5.A Basis of preparation

The financial statements at 31 December 2020 were prepared in accordance with the International Financial Reporting Standards adopted by the European Union. International Financial Reporting Standards (IFRS) refers to all international accounting standards called "International Financial Reporting Standards" (IFRS) and "International Accounting Standards" (IAS) and related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standard Interpretations Committee (SIC).

With regard to the entry into force of new accounting standards, it should be noted that the new accounting standard IFRS 9, issued by IASB in July 2014 and approved by the European Commission under Regulation No. 2067/2017, as of 1 January 2019, replaced IAS 39, which currently regulates the classification and measurement of financial instruments. IFRS 17, i.e. the new standard relating to the measurement of insurance contracts, not yet approved at 31 December 2020, will instead be applicable as of 1 January 2023. The initial entry into force on 1 January 2021 has been postponed by the IASB to 1 January 2023.

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 IFRS17 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 Company verified that it meets the requirements for application of the Temporary Exemption. The calculation should be carried out taking as a reference the closing figures of financial year 2015, but given the extraordinary transactions as a result of which Eurovita S.p.A. was established during 2016 and 2017, the Group deemed it appropriate to make a reassessment of such accounting as at 31 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 31/12/2020	Fair Value change	Other changes	Fair value 31/12/2019
of which:				
Financial assets with contractual terms that provide for specific cash flows on specific dates represented solely by payments of principal and interest on the amount of the principal to be returned				
Bonds	544.407.264	47.923.912	-89.746.634	586.229.985
Other financial assets	11.012.791	-	-18.235.214	29.248.005
	555.420.054	**47.923.912**	**-107.981.848**	**615.477.990**
Financial assets other than those with contractual terms that provide for specific cash flows on certain dates represented solely by payments of principal and interest on the amount of the principal to be returned				
Bonds	-	-	-14.969.100	14.969.100
Other financial assets	-	-	-	-
	-	**-**	**-14.969.100**	**14.969.100**

Available for sale financial assets	Fair value 31/12/2020	Fair Value change	Other changes	Fair value 31/12/2019
of which:				
Financial assets with contractual terms that provide for specific cash flows on specific dates represented solely by payments of principal and interest on the amount of the principal to be returned				
Bonds	8.783.458.085	591.327.219	-526.411.107	8.718.541.974
	8.783.458.085	**591.327.219**	**-526.411.107**	**8.718.541.974**
Financial assets other than those with contractual terms that provide for specific cash flows on certain dates represented solely by payments of principal and interest on the amount of the principal to be returned				
Bonds	151.330.506	3.682.868	12.395.058	135.252.580
Fund shares	1.360.884.097	-12.783.155	55.237.974	1.318.429.277
Derivatives	-5 1.926.354	-25.854.960	9.431.657	-35.503.051
	1.460.288.248	**-34.955.247**	**77.064.689**	**1.418.178.807**
Other financial assets which provide no test				
Stock shares	21.368.069	776.620	-409.718	21.001.167
	21.368.069	**776.620**	**-409.718**	**21.001.167**

Financial assets at fair value through profit or loss	**Fair value 31/12/2020**	**Fair Value change**	**Other changes**	**Fair value 31/12/2019**
of which:				
Financial assets with contractual terms that provide for specific cash flows on specific dates represented solely by payments of principal and interest on the amount of the principal to be returned				
Bonds	5.011.477	40.216	1	5.051.692
Derivatives	-	-	-	-
	5.011.477	**40.216**	**1**	**5.051.692**
Financial assets other than those with contractual terms that provide for specific cash flows on certain dates represented solely by payments of principal and interest on the amount of the principal to be returned				
Bonds	2.935.353	87.300	-2.008.391	4.856.444
Fund shares	-	-	-	-
Derivatives	8.073.200	2.580.650	-66.500	5.559.050
	11.008.553	**2.667.950**	**-2.074.891**	**10.415.494**

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

RATING

Financial assets with contractual terms that provide specific cash flows on specific dates represented solely by payments of principal and interest on the amount of the principal to be	**Book Value 31/12/2020**	**Market Value 31/12/2019**	**Book Value 31/12/2019**
of which:			
Investment grade			
Bonds	8.519.853.720	8.617.403.954	8.633.935.209
Other financial assets	11.012.791	11.012.791	29.029.991
Non Investment grade			
Bonds	666.871.843	715.472.871	569.163.273

ERGO Previdenza (formerly Eurovita S.p.A.), also after its delisting from the Mercato Telematico Azionario on 9 April 2009, within the scope of current legislative provisions (Legislative Decree No. 38/2005), continued to use International Financial Reporting Standards.

With regard to the technical forms of preparation, the financial statements were prepared in compliance with ISVAP Regulation No. 7/2007, as amended.

The financial statements were prepared in accordance with the following schedules specified in ISVAP Regulation No. 7/2007:

- Statement of financial position;
- Income statement;
- Statement of comprehensive income;
- Statement of changes in shareholders' equity;
- Cash flow statement;
- Notes to the financial statements;

- Annexes

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

The reporting date is 31 December 2020.

The financial statements were prepared in euros; the amounts in the notes to the financial statements, unless otherwise specified, are shown in thousands of euro.

The financial statements were prepared in a comparative form showing the corresponding values for the previous financial year.

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.

5.B Accounting standards and measurement criteria

ACCOUNTING STANDARDS

The Board of Directors reasonably expects the Company to continue with its operational existence in the foreseeable future and prepared the financial statements according on a going concern basis. It is believed that the current market situation will not lead to significant uncertainties regarding events or conditions that may generate doubts about the Company's business continuity. However, please also see the following paragraph on subsequent events.

The financial statements at 31 December 2020 were prepared in accordance with the International Financial Reporting Standards adopted by the European Union. International Financial Reporting Standards (IFRS) refers to all international accounting standards called "International Financial Reporting Standards" (IFRS) and "International Accounting Standards" (IAS) and related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standard Interpretations Committee (SIC).

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

Amendments to IFRS 3 - Definition of a business

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

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

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

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

Regulation (EU) No 2020/34 of 15 January 2020 transposed 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.

Amendments to the Conceptual Framework for Financial Reporting

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

STATEMENT OF FINANCIAL POSITION

Intangible assets

Goodwill

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

Other intangible assets

In accordance with IAS 38, an intangible asset should only be recognised if it is identifiable and in the control of the company, if future economic benefits can be expected from its use and its cost can be determined and/or is reasonably determinable.

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

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

Tangible assets

Other tangible assets

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

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

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

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

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

This item also includes the right to use any assets held pursuant to the new accounting standard IFRS 16 "Leases". This new standard, which replaces IAS 17 "Leases", has introduced new requirements for the recognition, presentation and disclosure of leases in the financial statements.

i. Lessee accounting model

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

At the effective date of the lease, the Company recognises right-of-use assets and lease liabilities. The right-of-use asset was initially measured at cost, including the amount of the initial valuation of the lease liability, adjusted for any payments due under the lease made on or before the effective date, increased by any initial direct costs incurred and an estimate of costs that the lessee may incur for the dismantling and removal of the underlying asset or for the restoration of the underlying asset or the site where it is located, after any lease incentives received.

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

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

The Company's marginal financing rate was calculated on the basis of interest rates obtained from various external financing sources, and by making certain adjustments to reflect the lease terms and conditions and the type of asset being leased:

- fixed payments (including payments that are substantially fixed payments);

variable payments due under the lease according to an index or rate, initially measured by using an index or rate at the effective date;

- amounts that are expected to be paid to guarantee the residual value; and

- exercise price of a purchase option which the Company is reasonably certain to exercise, lease payments due in an optional renewal period if the Company is reasonably certain to exercise the renewal option, and penalty of early termination of the lease, unless the Company is reasonably certain to not terminate the lease in advance.

Lease liabilities are measured at amortised cost using the effective interest method and will be newly measured in case of modification of any future lease payments due deriving from a change in the index or rate, in case of modification of the amount that the Company expects to pay to guarantee the residual value or when the Company changes its valuation with reference to the exercise or otherwise of a purchase, extension or termination option or in the event that substantially fixed lease payments due are reviewed.

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

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

Short-term leases and leases of low-value assets

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

ii. Lessor accounting model

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

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

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

By applying IFRS 16, the Company adopted the simplified accounting treatment for short-term leases (residual term of less than 12 months) and for leases whose underlying asset is of low value (under €5 thousand), which allows lessees not to recognise any assets and liabilities in their financial statements but only to recognise any lease payments as an expense.

Technical provisions borne by reinsurers

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

Investments

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

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

The choice between the above methods is not optional as they must be applied in hierarchical order. Please refer to the annexes to the notes to the financial statements for details 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 made at fair value (amount disbursed including transaction costs and directly attributable fees). Subsequent valuations are carried out at amortised cost, using the effective interest method, including any write-downs.

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

Available-for-sale financial assets

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

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

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

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

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

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

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

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

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

Assets are recognised at the settlement date.

Impairment policy for financial assets

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

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

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

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

For the purposes of the impairment test, the Company 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 with a write-off of the assets available for sale reserve.

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

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

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

Financial assets measured at fair value through profit or loss

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

- structured instruments, in which there is an embedded derivative not strictly connected to the primary contract, for which IAS 39 (paragraph 12) provides for separate accounting of the two components and for which the Company has decided not to make a separation;
- derivative components, separated from primary contracts according to IAS 39 (paragraph 11), in turn accounted for among the other categories (Loans and receivables - Available-for-sale assets);
- derivative contracts.

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

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

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

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

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

Assets are recognised at the settlement date.

Sundry receivables

Receivables deriving from direct insurance transactions and from reinsurance transactions

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

They are 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 reference period (also for partial redemption), are expensed by charging the residual commission through profit or loss. In case of partial redemption, costs are expensed *pro-rata* (in proportion to the provisions released).

Current tax assets and deferred tax assets

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

IRAP is calculated on the basis of the provisions of Legislative Decree No. 446/1997 as amended by the aforementioned Law No. 244/2007.

The tax burden is represented by the total amount of current and deferred taxation included in the calculation of profit or loss for the period.

Income taxes are recorded in the income statement with the exception of those relating to items debited or credited directly to shareholders' equity.

The Company records the effects related to current and prepaid taxes, applying the tax rates in force.

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

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

Temporary differences can be:

- taxable, i.e. they will result in taxable amounts when computing the taxable income of future financial years when the book value of the asset or liability has been 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 has been 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 expiring during the reference period (including for partial redemption), are expensed by charging the residual costs to profit or loss.

Cash and cash equivalents

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

Shareholders' equity

Capital reserves

This item comprises the share premium reserve.

Retained earnings reserves and other equity reserves

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

Gains or losses on available-for-sale financial assets

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

Other gains or losses recognised directly in equity

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

Dividends

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

Provisions

This macro-item includes provisions recognised in accordance with IAS 37, i.e. if there is a current (legal or implicit) obligation as a result of a past event, the use of resources to fulfil this obligation is probable and necessary and the amount thereof may be estimated reliably.

Technical provisions

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

In life insurance, these include:

- mathematical provisions for pure, supplementary, and additional premiums, premium 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 found will give rise to a supplementary provision pursuant to IFRS 4.15 (Liability Adequacy Test, or LAT).

Any negative goodwill paid for the acquisition of Life portfolios (value in force, or VIF) is also included in the technical provisions: the value of contracts purchased is calculated by estimating the present value of future cash flows of existing contracts. The VIF is amortised on the basis of the 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. 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 to be achieved:

- greater stability of results for the period and of changes in the Company's shareholders' equity;
- a faithful representation of the economic reality of business: the crystallisation of gains and losses on valuation is, in general, not consistent with the Company's choice of date and amount for the realisation of investments in segregated funds;
- consistency with value measurements though profit or loss that take into account portfolio development;
- true and fair calculation of capital and results for IAS/IFRS purposes in scenarios of significant capital losses: the crystallisation of capital losses could result in an unjustified capital reduction even if current business performance is well above guaranteed minima;

- adherence to the going concern principle (included in the framework of IAS/IFRS standards), according to which the financial statements should be prepared on the assumption of the company's future business continuity. In particular, in view of its commitments in terms of maturities/redemptions, the Company can count on future cash flows deriving from the collection of premiums and/or from the collection of coupons/dividends, and the repayment of bonds at maturity;
- consistency with the valuation approach of Article 36 of Regulation No. 21 of 28 March 2008. Crystallisation could penalise capital due to the possible double counting of capital losses already considered in the supplementary provisions recognised according to the aforementioned Regulation No. 21/2008.

The "going concern approach" is an approach that, in short, considers the following elements:

- the balance of potential gains and losses at the reference date for the period is realised prospectively over a period of several years, consistent with the Company's management policies. The analysis is performed at the level of individual segregated funds;
- 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 transactions 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

The item includes, *inter alia*, provisions for payables to employees for severance indemnities, measured in accordance with IAS 19 and based on actuarial assumptions of a demographic, economic and financial nature. For details of the method used to measure this liability, see the section "Employee benefits" and liabilities associated with rental contracts falling within the scope of application of IFRS 16. 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 reserves for future expenses, calculated with the Level 1 bases. The portion of premium charges to be deferred is that which is obtained from the gross premium, after excluding the part of the deposit (treated according to IAS39) relating to the invested premium, and removing the insurance component relating to additional hedges (when not financed entirely by recurring commissions).

For single-premium contracts, amortisation is carried out over a period of 10 years. For annual premium contracts, the duration of amortisation is based on the duration of the contract (without any limit). The remaining portion of deferred premium charges relating to contracts issued during the reference 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 existing collateral under forward contracts according to the financial sign.

The remaining part of liabilities is 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 includes revenues connected with financial services provided, as required by IFRS 4.

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

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

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

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

Income deriving from other financial instruments

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

Other revenues

This macro-item, *inter alia*, includes other technical income linked to insurance contracts within the scope of IFRS 4, exchange differences accounted for in accordance with IAS 21, as well as gains realised and write-backs to tangible and intangible assets, as required by IAS 16 and IAS 38, as well as other income items arising from the sale of goods, provision of services other than insurance and financial services and services arising from investments defined and governed by IFRS 15.

Claims-related expenses

With regard to insurance contracts under IFRS 4.2, this macro-item includes amounts paid, the change in claims provisions, the change in the provision for accounts payable, mathematical provisions, the technical provisions when the investment risk is borne by the policyholders if related to insurance contracts, and other technical provisions of the Life classes. Recognition is carried out gross of settlement costs, net of recoveries and reinsurance.

Commission expense

This item includes the recognition of costs connected to financial services received, as required by IFRS 17. This item therefore includes other technical charges relating to investment contracts that do not fall within the scope of IFRS 4.

It also includes the amortisation in the income statement of deferred expenses in connection with insurance and reinsurance contracts with insignificant insurance risk and therefore valued in accordance with IAS 39. This in particular refers to deferred acquisition costs (DAC) relating to contracts governed by IAS 39.

Charges deriving from other financial instruments

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

Operating 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 assets and of tangible assets not otherwise allocated to other cost items.

Current and deferred taxes

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

OTHER INFORMATION

Defined benefits after termination of employment and other long-term benefits

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

Defined benefits refer to pension plans (including severance indemnities), seniority bonuses 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 with effect from 1 January 2007 were, at the employee's discretion (by 30 June 2007), allocated to a supplementary pension scheme or to the INPS Treasury Fund.

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

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

Derecognition of financial instruments from assets and liabilities

A financial instrument will be derecognised from the statement of financial position if, following its natural expiry, disposal, or other event, the contractual rights to the cash flows, as well as the risks and benefits associated with it, expire or are transferred.

Use of estimates

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

The following information regards assumptions and uncertainties relating to estimates at 31 December 2020 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.

Insurance contracts

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

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

5.C Risk analysis

Introduction

The Company has a risk management model, incorporated into the business, which is designed to optimise its risk-return profile by increasing profitability and maintaining an adequate level of economic/regulatory capital, thereby meeting the expectations of shareholders and policyholders in terms of value creation and the safeguarding of corporate assets.

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

The internal 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 application 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 funds and the current and forward-looking solvency capital requirement. Lastly, the Compliance Function, in addition to identifying the regulations applicable to the Company on an ongoing basis by evaluating their impact on processes and procedures, also has specific tasks relating to the prevention of non-compliance risk;

- the Third Line consists of the Internal Audit Function, with respect to its role of providing independent "assurance".

The main elements of the risk management system consist of:

- a process for defining the risk strategy, which will constitute the link between the Company's business strategy and risk management and will determine the general risk appetite framework by defining a set of risk management limits and requirements (Risk Appetite Framework);
- a process for identifying risks aimed at detecting the internal and external risk factors relevant to the Company 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 current risks and to risks that can arise in existing businesses or in new businesses.

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

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

The Board of Statutory Auditors, as a body 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 on 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 Company, it is also useful to note that the following committees have been established within the Board of the parent company Eurovita Holding S.p.A.:

- 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 regulations.

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 widespread risk management policy applied within the Company, reviewed and updated on an annual basis, defines the risk governance model, taxonomy, measurement, control, and management of risks, and the risk reporting system.

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

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

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

Risks are currently detected and managed in the manner set out in the Risk Management Policy and in compliance with the provisions of Article 19 of IVASS Regulation No. 38/2018. These risks, also in consideration of the Solvency II structure, have been classified into the following risk categories:

- Financial risks;
- Life technical risks;
- 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 Company'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 Company has increased the weight of alternative investments (mainly debt alternative investment funds) and entered into forward derivatives contracts (long and short) on government bonds in the euro area.

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

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

The Company, 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.

In order to manage the Company’s exposure to the financial markets correctly, the management team has adopted the appropriate strategies developed with a view to defining the risk/return combination that is most consistent with the Company’s objectives.

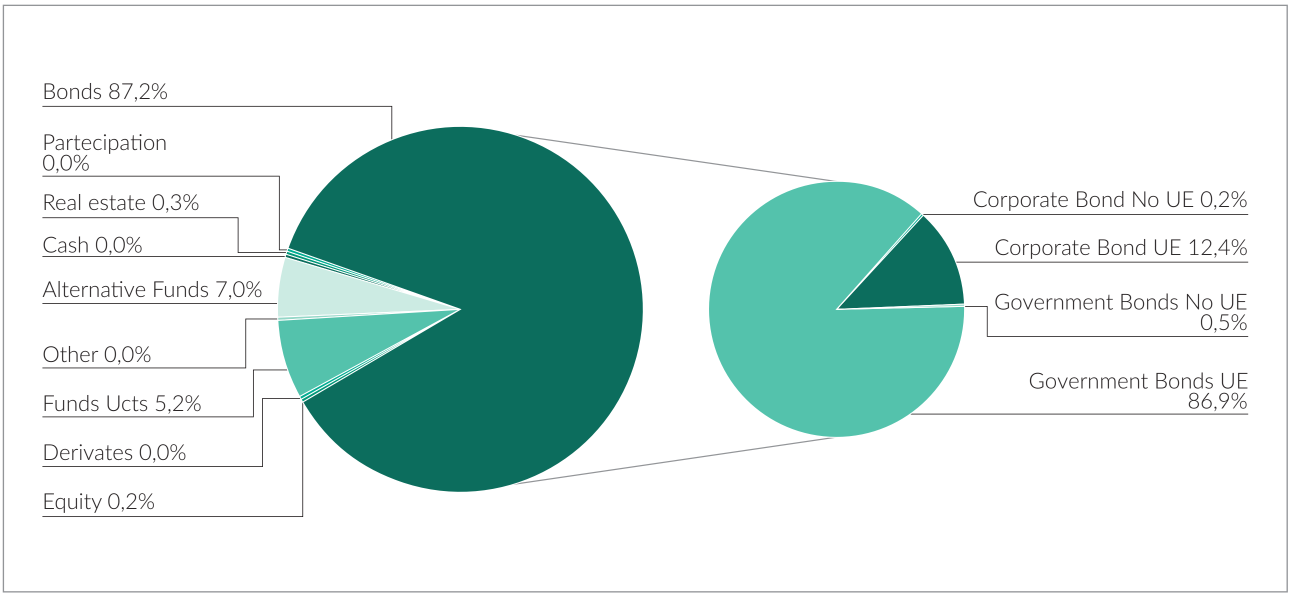
Interest rate risk is managed through a policy to optimise investment performance and by constantly monitoring asset and liability matching broken down by segregated fund.

The Company 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 Company’s “Class C” portfolio, which at 31 December 2020 amounted to €10,828 million, mainly comprises bond instruments (approximately 86%), 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 87%), covered bonds, and corporate bonds (approximately 13%).



Market risk is assessed using the Standard Formula. Considering the composition of the Company's portfolio, the assessment findings show substantial exposure, mainly to spread risk.

Liquidity risk arises when the Company 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 Company 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 Reg. No. 24/2016): the Risk Management Function is, in particular, in charge of medium-term monitoring (12 months) and verifies that the value of the Liquidity Coverage Ratio (LCR), i.e. the ratio of inflows to outflows, is not lower than the risk appetite and tolerance thresholds defined in the Risk Appetite Framework.

2 Life technical risk

The Company's portfolio consists of a balanced mix of hedging products with a predominantly savings element, unit-linked products without guarantees, with the remainder consisting of pure risk hedging products.

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

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

Longevity risk is negligible 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 restrictions, the corresponding financial investment holdings are measured over time using ALM techniques.

With regard to purely technical insurance risks, the Company pays particular attention to risks associated with the launch of new products and their measurement through profit testing to verify the sustainability of the cover being offered, the riskiness, and the margins generated for the Company. Pricing is based on actuarial statistical analyses, including on a forward-looking basis, to ensure an adequate assumption of risks in setting the premium and margins, including in relation to contract placement and management/maintenance costs. There is also a continuous comparison and monitoring of market trends and foreseeable scenarios, a capital requirement calculation using the Solvency II Standard Formula, and a careful assessment of exposure to insurance risk within the limits of risk tolerance in terms of quantity and type of new business during the annual planning phase.

With regard to mortality risk relating to insurance contracts in the "event of death" (whether term or entire life), the mortality tables used for pricing are prudential and risk exposure is monitored through a comparison between actual mortality and theoretical mortality statistics 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 capital in the event of death, the underwriting policy provides for the acquisition 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 Company'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.

Direct gross premiums by line of business (figures in thousands of euro)

(amounts in Euro thousand)

Direct gross premium by business line **IAS Classification**	**Premiums in the first year**	**Premiums in subsequent years**	**Total**
Complementari	33	3.435	3.468
Indirect business	-	4.626	4.626
Insurance	25.605	71.044	96.649
Investment DPF	1.020.157	67.272	1.087.429
Investment	454.455	8.259	462.714
Totale Complessivo	**1.500.250**	**154.636**	**1.654.886**

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

(amounts in Euro million)

Life segment insurance provisions by guaranteed return	Direct Business December 2020
Reserves with interest rate guarantees	8.703,9
from >= 0% to <=1%	**6.040,9**
from >1% to <=2%	**1.621,0**
from >2% to <=3%	**411,3**
from >3% to <=4%	**630,7**
Over 4%	**-**
Reserve for mortality risk	46,2
Reserves linked to specific assets	26,9
Unit-Linked Reserves	615,9
Other Technical reserves	385,9
Shadow accounting reserve	1.309,8
VIF - Value in force	118,8
Total	**11.207,3**

Counterparty default risk

Counterparty default risk (or “credit risk”, or “default risk”) reflects possible losses due to unexpected defaults or deterioration of the creditworthiness of the Company’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 Company 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 which the Company operates must, in general, meet quality, commitment, and solvency criteria; the Company’s reinsurance policy is generally oriented towards the prudent hedging of exposure 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 Company’s Risk Management System, in line with the provisions of IVASS Regulation No. 38/2018 and the Solvency II Directive, provides for the detection, assessment, and handling of any other risks that, while not attributable to the categories referred to above, are deemed potentially detrimental to the achievement of the Company’s objectives.

Therefore, an analysis is performed of the types of risk not included in the classifications illustrated above, including operational risk, legal compliance risk, strategic risk and reputational risk. For these risks, the assessment of which is mostly qualitative, the Company 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 Company 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 the setting of the relevant capital absorption, the Company uses the Standard Formula method defined by EIOPA (in the Solvency II system). In addition to these assessments, a Risk & Control Self Assessment (RCSA) approach was adopted 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 Company could be exposed, to assess them in terms of likelihood of occurrence and economic impact and identify adequate mitigation actions if the risk level being assumed is considered unacceptable. The assessments conducted in financial year 2020 showed that the main sources of operational risk for the Company 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 prospective 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 detecting and assessing risks and defining the actions and resources necessary to manage them. The ongoing adoption of measures ensures the achievement of business objectives and strategic objectives, as well as a 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, or the risk deriving from non-compliance with legislation, regulations, or measures imposed by the Supervisory Authority, with the resulting possibility of incurring legal or administrative penalties, or suffering losses resulting from reputational damage.

Related party transactions

1. Legal framework

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

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

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

2. Management of related party transactions

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

In particular, if a related party transaction is carried out by one of the parties defined in the Management of Related Party Transactions Policy, a notice (the transaction notice) should immediately be sent to the appropriate company department containing the following information: a) the characteristics of the transaction; b) whether the transaction was directly ordered by the Company or through a subsidiary; c) information on the actual/potential counterparty and whether it is a related party; d) classification of the transaction on the basis of the categories set out in the policy and the reasons underlying the classification (e.g. whether it is a major/minor transaction); e) any elements that make it possible to link the transactions to a framework resolution; f) information as to the value of the transaction and the maximum timeframe for the commencement thereof; for transactions involving a non-negligible amount, the transaction notice should also contain: g) objective evidence confirming the fact that the transaction has been concluded on terms equivalent to market or standard conditions; and h) the reasons underlying the classification of the transaction.

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

Related party transactions carried out by the Company must be recorded in a specific list. The 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, considered for each individual transaction, equal to or greater than €5 million will be submitted for the prior examination and approval of the Audit, Internal Control & Risk Committee, and the Board of Directors of the Company.

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

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

For transactions of lesser importance, the documentation will be sent to the Chief Executive Officer, who will examine the transaction and authorise it where such task this falls within the powers granted to him or her, or if the transaction does not fall within his or her powers, or if he or she considers it appropriate, an opinion is provided to the committee on the Company's interest in carrying out the transaction, so that it may refer the relevant assessment and decision to the decision-making body. In any case, any resolutions approving the transaction must provide adequate reasons regarding the Company's interest in carrying it out, as well as the cost-effectiveness and substantial fairness of the relevant conditions. In the event of approval by the Chief Executive Officer, the decision will be noted in specific reports.

3. Related party transactions carried out during the year

Pursuant to the applicable provisions on such matters, it should be noted that in 2020 the following material related party transactions were identified:

- On 21 February 2020, Eurovita S.p.A. received a capital payment of €50 million from the parent company Eurovita Holding S.p.A. This transaction was carried out to allow the subsidiary to achieve a Solvency Ratio in line with the Risk Appetite Framework;

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

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

5.E Information on the statement of financial position at 31 December 2020

The entries in the statement of financial position and the changes in the relevant amounts compared with 31 December of the previous financial year are commented on and supplemented hereunder.

Assets

1 Intangible assets

The following table shows the changes in the aforementioned item during the closing period:

(amounts in Euro thousand)

	Amount at 31/12/2019	Increase	Decrease	Amount at 31/12/2020	Acc. Amort 31/12/2019	Increase	Decrease	Acc. Amort 31/12/2020	Book value 31/12/2020
Goodwill	22.050		0	22.050	0	0	0	0	22.050
Total Goodwill	***22.050***	***0***	***0***	***22.050***	***0***	***0***	***0***	***0***	***22.050***
VIF OMWI	126.985	0	0	126.985	57.610	10.928	0	68.538	58.447
Software	6.276	535	0	6.811	6.191	382	0	6.573	238
Other intangible fixed assets	2.921	0	535	2.386	1.639	450	0	2.089	297
Total other intangible fixed assets	***136.182***	***535***	***535***	***136.182***	***65.440***	***11.760***	***0***	***77.200***	***58.982***
Total intangible assets	**158.232**	**535**	**535**	**158.232**	***65.440***	***11.760***	***0***	***77.200***	***81.032***

1.1 Goodwill

The item, amounting to €22,050 thousand consists of the goodwill generated as a result of the merger by acquisition of the former company Old Mutual Wealth Italy S.p.A. into Eurovita S.p.A. The surplus of the acquisition cost of the shareholding of Old Mutual Wealth Italy, compared with the share at fair value of assets and liabilities, was accounted for in such item and represents a payment made in anticipation of future economic benefits arising from assets that cannot be identified individually and recorded separately.

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

Furthermore, this valuation was supported by the evidence characterising the 2020 management. With reference to events following the reporting date of financial year 2020, it should be noted that despite what has been described in the relevant paragraph with regard to the possible effects of the Covid-19 pandemic, the sensitivity analyses carried out, the positive trend in business in the early weeks of 2021 and the forecasts for the entire year do not point to anything that could affect the valuation.

1.2 Other intangible assets

This item, amounting to €58,981, mainly consists of the value of the Life portfolio of the former company Old Mutual Wealth Italy S.p.A. acquired in 2017 (VIF) amounting to €58,447 thousand and costs incurred for the purchase of software and other intangible assets of €535 thousand.

As previously reported in the section on accounting standards and preparation criteria, the value of purchased contracts (VIF) was calculated by estimating the present value of future cash flows of existing contracts, net of any effects deriving from reinsurance. The VIF was amortised on the basis of the release of the technical provisions to which it relates.

The amortisation of other intangible assets is calculated on the basis of the 20% rate considered to be representative of their useful life.

The breakdown is provided in a specific attachment.

2 Tangible assets

2.1 Other tangible assets

The changes in other tangible assets are shown in the following table:

(amounts in Euro thousand)

	Amount at 31/12/2019	Increase	Decrease	Amount at 31/12/2020	Acc. Amort. 31/12/2019	Increase	Decrease	Acc. Amort. 31/12/2020	Book value 31/12/2020
Building	21.036	80	0	21.116	1.237	1.243	0	2.480	18.636
Cars	264	113	0	377	74	87	0	161	216
Furniture and fixtures	879	448	13	1.314	854	292	13	1.133	181
Electronic machines	500	0	2	498	436	39	0	475	23
Plants and equipment	1.084	0	452	632	804	6	226	585	47
Total tangible assets	**23.763**	**641**	**467**	**23.937**	**3.405**	**1.669**	**239**	**4.835**	**19.103**

This item includes the measurement of the right of use, for the current year, deriving from the lease contracts of the properties that house the company's units and offices and from the rental of cars assigned to the company's management team, in accordance with the new accounting standard IFRS 16 "Leases".

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

- Furniture and fixtures 12%;
- Electronic machinery 20%;
- Plant and equipment 10%.

The item, deriving from the adoption of IFRS 16, represents the right of use of assets underlying the leases entered into by the company for the rental of the head office and vehicles.

2.2 Right-of-use assets and liabilities

i. Right-of-use assets

(amounts in Euro thousand)

	Eurovita S.p.A.		
	BUILDING	CARS	TOTAL
Balance at January 1, 2020	**19.798**	190	19.988
Depreciation for the year	**-1.242**	-103	-1.345
Increase for RoU (right of use)	**80**	157	237
Disposal assets for RoU (right of use)	**0**	-27	-27
Balance at December 31, 2020	**18.636**	**216**	**18.852**

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

(amounts in Euro thousand)

	Total 2020
Depreciation of assets for RoU (right of use)	1.345
Interest expense on leasing liabilites	483
Costs on short-term or modest value on leases	101
Total impact on P&L	**1.929**

The impairment relating to right-of-use asset categories refers to the loss in value recognized following the comparison between the recoverable value and the book value of the CGU "Other assets related to Style", which was accounted for in the paragraph on Measurement Criteria, to which reference should be made for more details.

iii. Right-of-use liabilities

The following table sets out the maturities of lease liabilities:

(amounts in Euro thousand)

	Value at 31.12.2020	Contractual financial flows	of which: by 1 year	of which: from 1 to 5 years	of which: over 5 years
Liability for Right of Use	19.280	23.034	1.612	6.212	15.211

3 Technical provisions borne by reinsurers

The technical provisions borne by reinsurers, including business ceded and retroceded, amounted to €357,935 thousand (€770,748 thousand in 2019), with a total decrease of €412,814 thousand compared with 31 December 2019, due to the maturity of a significant generation being reinsured.

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019	Change for the period
Actuarial reserves	**219.663**	635.388	-415.724
Reserves for complementary ins. premiums	**587**	1.143	-556
Reserve for amounts due	**137.445**	133.970	3.475
Reserves for gains on equity investments	**239**	248	-9
Total Amounts ceded to reinsurers from insurance provisions	**357.935**	**770.748**	**-412.814**

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

Premium provisions on supplementary policies refer to accident and permanent disability coverage and were calculated by applying the *pro-rata temporis* criterion adopted for gross provisions. The increase in the provisions for sums to be paid is due to the presence of a greater number of expiring policies compared with the end of the previous financial year.

The technical provisions borne by reinsurers are 60.10% covered by deposits made by said reinsurers.

4 Investments

4.2 Equity Investments in subsidiaries, associates and joint ventures

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019	Change for the period
Investments in subsidiaries	**28.842**	28.842	0
Investments in subsidiaries, associated companies and joint ventures	**28.842**	**0**	**28.842**

On 18 December 2019 the acquisition of all the shares of Pramerica Life S.p.A. and its subsidiary Pramerica Marketing S.r.l. was completed. The equity investment was recognised at the purchase price.

4.4 Loans and receivables

The following table shows the breakdown of loans and receivables totalling €588,823 thousand by type of investment compared with the corresponding values at the end of the previous financial year (€732,586 thousand in 2019).

(amounts in Euro thousand)

	31/12/20			31/12/19		
	Amort. cost	Book value	Fair Value	Amort. cost	Book value	Fair Value
Other loans and receivables	**21.503**	**21.503**	**21.503**	31.447	31.447	31.447
Debt securities	**494.622**	**494.622**	**555.420**	626.618	626.618	630.447
Deposits with banking institutions	**-**	**-**	**-**	-	-	-
Deposits with reinsurers	**72.698**	**72.698**	**98.211**	74.521	74.521	98.211
Total Loans and Receivables	**588.823**	**588.823**	**675.134**	**732.586**	**732.586**	**760.105**

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

- a subordinated loan issued by the subsidiary Pramerica Life S.p.A. of €11,362 thousand;
- loans amounting to €10,141 thousand which includes €8,816 thousand relating to loans on policies;
- deposits with ceding institutions totalling €72,698 thousand;
- debt securities, including related accrued income, of €494,622 thousand.

Debt securities comprise private placements and unlisted bonds (including repurchase agreements in place with Italian banking institutions with underlying Italian government securities of €11,012 thousand and fixed-rate bonds issued by the SPV Spire with underlying Italian long-term bonds of €299,304 thousand); at the end of the financial year, this category showed an unrealised net capital gain of €60,798 thousand.

4.5 Available-for-sale financial assets

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

4.5 Available-for-sale financial assets

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

(amounts in Euro thousand)

	31/12/20				31/12/19			
	Amort. cost	**Book value**	**Equity reserve**	**Fair Value**	**Amort. cost**	**Book value**	**Equity reserve**	**Fair Value**
Debt securities	**7.615.889**	**8.934.789**	**1.318.900**	**8.934.789**	8.059.098	8.853.795	794.697	8.853.795
of which, listed	***7.575.701***	***8.894.819***	***1.319.119***	***8.894.819***	*8.019.934*	*8.816.520*	*796.585*	*8.816.520*
UCI units	**1.352.456**	**1.360.884**	**8.428**	**1.360.884**	1.296.286	1.318.429	22.143	1.318.429
Equity securities at fair value	**21.327**	**21.368**	**41**	**21.368**	21.737	21.001	-735	21.001
of which, listed	***0***	***0***	***0***	***0***	*0*	*0*	*0*	*0*
of which, not listed	***21.327***	***21.368***	***41***	***21.368***	*21.737*	*21.001*	*-735*	*21.001*
Equity investments in affiliated companies	**0**	**0**	**0**	**0**	0	0	0	0
Total Available for Sale Financial Assets	**8.989.672**	**10.317.041**	**1.327.369**	**10.317.041**	**9.377.121**	**10.193.225**	**816.105**	**10.193.225**

Available-for-sale financial assets totalled €10,317 million, compared with €10,193 million in 2019.

The equity reserve on debt securities (understood as the difference between amortised cost and fair value) equal to €1,318,900 thousand at 31 December 2020 (€794,697 thousand at the end of the previous financial year) increased due to the positive change in the interest rate curve and the spread on Italian government bonds.

"UCI/ETF Units", amounting to €1,360,884 thousand represent a variety of investment categories that include monetary units/shares (€44,698 thousand), investment grade and high-yield bonds (€522,937 thousand) and other types of closed-end funds or funds with a limited-entry window (€793,249 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 (€8,428 thousand) decreased compared with the end of the previous year, with the trend for the recovery of losses due to the economic situation caused by the pandemic crisis having not yet come to an end.

The item "Equity securities at fair value" (€21,368 thousand) constitutes a residual weight in line with the equity risk limitation policy. This characteristic was also confirmed in 2020 with a portfolio that continued to consist of shares of Italian banking institutions and other unlisted financial companies linked to the Company through distribution agreements, as well as 400 shares of the Bank of Italy totalling €10 thousand000.

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

4.6 Financial assets measured at fair value through profit or loss

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

(amounts in Euro thousand)

	31/12/20			31/12/19		
	Amort. cost	**Book value**	**Fair Value**	**Amort. cost**	**Book value**	**Fair Value**
Hedge derivatives	**42.187**	**42.187**	**42.187**	32.512	32.512	32.512
Non-hedge derivatives	**8.073**	**8.073**	**8.073**	5.559	5.559	5.559
Debt securities	**7.947**	**7.947**	**7.947**	9.908	9.908	9.908
of which, listed	***2.935***	***2.935***	***2.935***	*4.856*	*4.856*	*4.856*
of which, not listed	***5.012***	***5.012***	***5.012***	*5.052*	*5.052*	*5.052*
Equity securities at fair value	**-**	**-**	**-**	-	-	-
of which, listed	**-**	**-**	**-**	-	-	-
Assets held for trading	***58.207***	***58.207***	***58.207***	***47.979***	***47.979***	***47.979***
Debt securities	81.946	81.946	81.946	85.729	85.729	85.729
of which, listed	*81.946*	*81.946*	*81.946*	*85.729*	*85.729*	*85.729*
of which, not listed	-	-	-	-	-	-
UCI units	6.634.940	6.634.940	6.634.940	6.701.666	6.701.666	6.701.666
Equity securities at fair value	9.629	9.629	9.629	3.000	3.000	3.000
of which, listed	*9.629*	*9.629*	*9.629*	-	-	-
of which, not listed	-	-	-	*3.000*	*3.000*	*3.000*
Other Financial investments	19.013	19.013	19.013	35.675	35.675	35.675
Assets designated at fair value	***6.745.528***	***6.745.528***	***6.745.528***	***6.826.070***	***6.826.070***	***6.826.070***
Total Financial Assets at Fair Value through profit or loss	**6.803.735**	**6.803.735**	**6.803.735**	**6.874.049**	**6.874.049**	**6.874.049**

Financial assets measured at fair value through profit or loss totalled €6,803,735 thousand compared with €6,874,049 thousand in 2019.

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

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

For the purpose of full disclosure, the following is a restatement of the overall bond portfolio by issuer risk:

(amounts in Euro thousand)

	Breakdown of debt securities by issuer risk				
	Nominal Value	**Amortized cost**	**Book value**	**Equity reserve**	**Fair Value**
STATO ITALIA	2.348.405	2.632.647	3.233.485	600.838	3.233.485
STATO PORTOGALLO	1.036.372	1.153.512	1.312.984	159.473	1.312.984
STATO SPAGNA	951.681	1.045.443	1.242.595	197.153	1.242.595
STATO FRANCIA	422.635	418.178	486.835	68.657	486.835
SINGLE PLATFORM INV.REPAC.ENTITY SA	377.000	379.986	390.728	10.741	429.545
STATO BELGIO	233.641	246.661	327.738	81.077	327.738
STATO IRLANDA	124.247	137.888	152.988	15.100	152.988
COMMUNITY OF MADRID	130.175	134.684	148.244	13.560	148.244
JUNTA DE CASTILLA Y LEON	110.000	115.043	130.563	15.521	130.563
DEXIA CREDIT LOCAL	94.800	96.982	99.334	2.352	99.334
UBI BANCA	82.828	85.605	87.383	1.778	87.383
NRW BANK	80.000	84.800	84.581	-219	93.480
AUTONOMOUS REGION OF THE AZORES	58.740	61.688	75.042	13.354	75.042
STATO SLOVENIA	69.000	70.027	73.540	3.513	73.540
STATO SLOVACCHIA	64.440	65.129	71.713	6.585	71.713
STATO FINLANDIA	53.165	53.698	64.699	11.001	64.699
ESPV	50.000	51.857	60.968	9.111	60.968
BANCO BILBAO VIZCAYA ARGENTARIA	50.000	51.596	52.187	591	52.187
COMMUNAUTE FRANCAISE DE BELGIQUE	50.000	50.828	51.924	1.096	51.924
OTHERS =< 50 Mln Euro	1.121.854	1.182.206	1.289.826	107.620	1.302.907
Total	**7.508.983**	**8.118.458**	**9.437.357**	**1.318.900**	**9.498.155**

5. Sundry receivables

5.1 Receivables deriving from direct insurance transactions

The breakdown is as follows:

(amounts in Euro thousand)

	Amount at 31/12/2020	**Amount at 31/12/2019**	**Change for the period**
Receivables from policyholders for late premium payments	**25.567**	36.686	-11.119
Receivables from insurance brokers	**1.944**	6.877	-4.933
Total Receivables arising out of direct insurance operations	**27.511**	**43.563**	**-16.052**

Receivables deriving from direct insurance transactions amounted to €27,511 thousand compared with €43,563 thousand in 2019. The reduction is mainly attributable to improved processes linked to collection operations and to portfolio harmonising operations carried out during the second half-year.

It should also be noted that a significant amount of receivables for premiums in arrears relating to premiums earned in 2020 was collected in the first few months of 2021, while previously generated receivables, if not present in the reserve, were fully written down.

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

The balance of receivables from agents arising from direct insurance transactions takes into account the provision for bad debts of €2,293 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	**Amount at 31/12/2020**	**Amount at 31/12/2019**	**Change for the period**
Receivables from policyholders for late premium payments	**1.883**	5.018	-3.134
Receivables from insurance brokers	**2.293**	1.995	299
Total Allowance for doubtful accounts	**4.177**	**7.012**	**-2.835**

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

It should also be noted that as of the fourth quarter of 2020, arrears exceeding 12 months were written down exclusively for those securities not in the reserve.

5.2 Receivables deriving from reinsurance transactions

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019	Change for the period
Receivables reinsurance companies	**3.365**	3.153	212
Receivables from reinsurance brokers	**246**	423	-178
Total Receivables arising out of reinsurance operations	**3.610**	**3.576**	**34**

Receivables deriving from reinsurance transactions increased from €3,576 thousand at 31 December 2019 to €3,610 thousand at 31 December 2020. The item is largely unchanged due to the normal management of cash flows.

5.3 Other receivables

"Other receivables" amounted to €69,638 thousand compared with €58,749 thousand in 2019.

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019	Change for the period
Tax credit	**23.904**	18.353	5.551
Receivables from financial operators	**8.591**	9.969	-1.378
Other receivables	**37.142**	30.428	6.712
Total Other receivables	**69.638**	**58.749**	**10.885**

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

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019
Receivables for prepaid tax stamp	**9.496**	8.605
Tax credit for refund claims	**8.790**	3.367
Interest on tax credit for refund claims	**1.963**	1.963
Tax credit claimed as a refund	**1.853**	1.853
Withholding tax	**9**	-
Insurance tax credit	**1.739**	2.512
Other tax credit	**55**	54
Total Tax Credit	**23.904**	**18.353**

Receivables from financial operators consist of the 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 reference quarter.

The increase in the item Other receivables is attributable to cash-pooling transactions of €5,168 thousand carried out with the parent company during the financial year to improve cash flow efficiency, €595 thousand of receivables for management fees and fund certification expenses, €949 thousand of cost chargebacks to the parent company/affiliated companies and other minor receivables.

The increase in the item "Receivables from the tax authorities" is mainly attributable (in the amount of €5,552) to the relief deriving from the application for use of the Patent Box on the company trademark. This process was completed during 2020 by agreement with the Rome Revenue Agency.

6. Other asset items

6.2 Deferred acquisition costs

Deferred acquisition costs on insurance contracts amounted to €37,187 thousand compared with €41,659 thousand in 2019.

The breakdown is as follows:

(amounts in Euro thousand)

DAC Local	Amount at 31/12/2019	Unwind due to renewal failure	Unwind for installment amort.	New Business	Amount at 31/12/2020
Direct business	41.659	2.026	5.855	3.409	**37.187**
Indirect business	-		-		**-**
Total Deferred Acquisition Costs	**41.659**	**2.026**	**5.855**	**3.409**	**37.187**

Deferred acquisition costs refer to the amortisation of costs charged in advance on annual premium products marketed since 2007 and not ceded to reinsurers. As can be inferred from the above breakdown, the change is mainly attributable to new business during the year.

6.3 Deferred tax assets

In accordance with IAS 12, deferred and prepaid taxes should be offset when they refer to the same type of tax. For the year 2020, deferred taxes exceeded prepaid taxes, entailing a liability of €36,402 thousand. In the previous financial year, the net closing balance was negative and the item of €65,114 thousand was recognised under liabilities.

6.4 Current tax assets

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019	Change for the period
I.R.E.S. (corporate income tax) credit	**0**	0	0
I.R.A.P. (regional tax on productive activities) credit	**3.973**	3.238	735
Tax credit on actuarial reserves	**266.264**	294.890	-28.625
Total Tax receivables	**270.237**	**298.128**	**-27.891**

The item contains the tax credit for the drawing of €266,264 thousand on 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

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019	Change for the period
Comm. to be amort. on invest. contracts	**44.688**	52.567	-7.878
Prepayments	**5.769**	5.664	105
Accrued income	**1.508**	1.594	-86
Deferred income	**55.199**	41.949	13.251
Total Other assets	**107.164**	**101.773**	**5.391**

The item increased by €5,391 thousand mainly due to the effect of the greater recognition of deposits of €16,780 thousand on forward contracts, the €3,530 thousand reduction attributable to securities to be settled over two years and a €7,878 thousand decrease in deferred acquisition costs relating to contracts classified as investments.

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

The change in the deferred acquisition costs relating to contracts classified as investments under IFRS 4 is shown below:

(amounts in Euro thousand)

Investment Products	31/12/2019	Changes in portfolio	Unwind for installment amort.	New Business	31/12/2020
DOC	52.567	3.130	12.627	7.878	**44.688**

7 Cash and cash equivalents

Cash and cash equivalents, equal to €21,140 thousand (compared with €54,744 thousand at the end of the previous financial year), is made up of the balances of ordinary current accounts held with various banking institutions, cheques and cash in hand, which decreased by €33,604 thousand in total. Particular attention was paid to the management of banking risk, which generally confirmed the containment of deposits and a reduction in the diversification towards individual exposures, despite the levels at the end of the financial year being influenced by investment difficulties typical of the last days of the year.

8 Intercompany equity and business transactions

(amounts in Euro thousand)

	Parent company	Controlled companies	Affiliated companies	Total
Assets				
Loans and Receivables				
Pramerica Life SpA		11.362		11.362
Other receivables				
Pramerica Life SpA		463		463
Eurovita Holding SpA	32.432			32.432
Agenzia Eurovita Srl			29	29
Prepayment				
Pramerica Life SpA		400		400
Total Assets	**32.432**	**12.225**	**29**	**44.686**
Liabilities				
Payables arising from direct insurance transactions				
Pramerica Life SpA				
Agenzia Eurovita Srl			4.957	4.957
Other payables				
Pramerica Life SpA				
Eurovita Holding SpA	9.303			9.303
Agenzia Eurovita Srl			397	397
Total Liabilities	**9.303**	**-**	**5.355**	**14.658**

Liabilities

1 Shareholders' equity

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

It should be noted that the General Meeting of Shareholders held on 25 June 2020 resolved to allocate the profit for the year 2019, amounting to €31,727 thousand to retained earnings.

The following table shows a breakdown of shareholders' equity and the related changes during the course of 2020:

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019	Change for the period
Share Capital	**90.499**	90.499	0
Share premium reserve	**38.387**	38.387	0
Reserves for capital contributions	**242.462**	242.462	0
Legal reserve	**18.100**	18.100	0
Own share	**0**	0	0
Organization fund	**516**	516	0
Reserve for Retained Earning	**62.613**	30.885	31.727
AFS reserve	**33.461**	124.878	-91.417
IAS 19 reserve	**-51**	-81	30
Reserve for expected cash flow transactions	**209**	-9.028	9.237
Result of the period	**11.207**	31.727	-20.520
Total Shareholders' Equity	**497.403**	**568.346**	**-70.943**

The main changes are due to:

- an increase in the retained earnings reserve due to allocation of the profit for the year 2019;
- a decrease in the AFS reserve (net of the shadow accounting effect) totalling €91,417 thousand related to the market trend and to the sale of securities recognised in the class;
- a change in the expected cash flow hedge reserve: this includes changes in the fair value of derivative financial instruments generated as part of cash flow hedges, net of shadow accounting and deferred tax effects;

With reference to the reserve for expected cash flow hedge transactions, details of the changes during the period are provided below:

At the beginning of the previous financial year	Increase for change in fair value	Decrease for change in fair value	Release in Income Statement	Release to adjust assets / liabilities	Deferred tax effect	At the end of the current financial year
Hedging forward contracts	32.512	-68.015	0	22.454	4.022	-9.028

At the beginning of the current financial year	Increase for change in fair value	Decrease for change in fair value	Release in Income Statement	Release to adjust assets / liabilities	Deferred tax effect	At the end of the current financial year
Hedging forward contracts	42.187	-94.114	0	52.229	-93	209

Shareholders' equity items, other than the result for the year, are detailed below, specifying their nature, possibility of use, and distributable portion.

(amounts in Euro thousand)

Nature/description	Amount	Possibility of utilization	Available portion	Used in the past three year: to cover losses	Used in the past three year: for other reasons
Share Capital	90.499				
Organization fund	516	A, B	516		
Share premium reserve	38.387	A, B, C (1)	38.387		
Reserves for capital contributions	242.462	A, B, C (1)	242.462		
Legal reserve	18.100	B	18.100		
Reserve for Retained Earning	62.613	A, B, C	62.613		
Reserve for fin. assets held for sale	33.461		-		
IAS 19 reserve and Cash flow hedge	158		-		
Total	**486.196**		**362.077**		
Non-distributable portion			18.616		
Residual distributable portion			343.461		

(A) for share capital increase - (B) to cover losses - C) for distribution to shareholders
(1) The share premium reserve can be used for distribution to shareholders provided that the legal reserve has reached one-fifth of the share capital.

The share capital is fully subscribed and paid up and consists of 90,498,908 ordinary shares with a par value of €1 per share.

Profit per share amounted to €0.12.

2 Provisions

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019	Change for the period
Provisions	**23.499**	19.236	4.263
Total Other Provisions	**23.499**	**19.236**	**4.263**

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

Provisions recorded a total increase of €4,263 thousand rising from €19,236 thousand in 2019 to €23,499 thousand.

The change is due to new provisions of €9,324 thousand and utilisations of €5,061 thousand during the period.

The following is a summary of changes in provisions for risks from 31 December 2019 to 31 December 2020 showing provision charges and uses made by type of risk:

(amounts in Euro thousand)

	Amount at 31/12/2019	Increase	Decrease	Amount at 31/12/2020
Tax litigation	**1.224**	**65**	**-65**	**1.224**
Provisions for defaulted index-linked policies	**2.760**	**0**	**-398**	**2.362**
Sundry disputes with third parties	**4.092**	**4.000**	**-2.404**	**5.688**
Dormant policies	*1.000*	*0*	*0*	***1.000***
Other accruals	*3.092*	*4.000*	*-2.404*	***4.688***
Agency network provisions	**7.243**	**477**	**-1.280**	**6.440**
Agents' pension scheme	*5.135*	*129*	*-307*	***4.957***
Agency network restructuring	*2.108*	*348*	*-973*	***1.482***
Litigation with agency network	**1.066**	**0**	**-219**	**847**
Sundry disputes with customers	**1.099**	**1.401**	**-62**	**2.438**
Other personnel provisions	**1.752**	**3.382**	**-634**	**4.501**
Total Provisions	**19.236**	**9.324**	**-5.061**	**23.499**

The most significant changes that occurred during financial year 2020 are analysed below.

Tax litigation:

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

- €855 thousand had been set aside in previous years relating to the tax dispute over the refusal to reimburse the 1998 IRAP payment, the related interest and estimated legal costs. The company is waiting for the hearing date to be set by the Rome Regional Tax Commission after the appeal was rejected by the Rome Provincial Tax Commission. The provision covers the entire receivable consisting of €655 thousand in principle and €176 thousand in interest carried in the financial statements until 2015, amounting to a total receivable of €831 thousand;

- in 2019, the Italian Revenue Agency - Lazio Regional Directorate - carried out a tax audit that covered the 2015 and 2016 tax periods; the audit related to the analysis of the tax treatment of dividends paid out by Eurovita Assicurazioni S.p.A. to the former parent company JCF III Eurovita Holding Sarl (incorporated in Luxembourg). In particular, the Italian Revenue Agency's attention focused on the Company's behavior as a tax agent. The audit resulted in a tax audit report in which the Revenue Agency challenged the Company for its failure to withhold taxes on dividends paid out by the Company to the former parent company amounting to €5,010 thousand plus penalties and interest. During 2020, the Company reached a settlement with the Revenue Agency in the amount of €3,844 thousand. This amount was paid in full on 11 January 2021 by the former parent company JCF Eurovita Holding Sarl under a specific agreement between the parties entered into during the purchase of Eurovita Assicurazioni S.p.A. ; the dispute is therefore resolved.
- during 2020, the Court of Cassation confirmed the decisions already taken by the Rome Provincial Tax Commission and the Rome Regional Tax Commission regarding the right to be reimbursed for IRES and IRAP for the years 2003 and 2004 in the amount of €1,892 thousand plus accrued interest; the appropriate actions have been taken with regard to the Revenue Agency for the recovery of the receivable and expenses of €26 thousand which the Revenue Agency has been ordered to pay.

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

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

Miscellaneous disputes with third parties:

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

Finally, €4 thousand000 was set aside following ongoing negotiations relating to clauses for the renewal of certain capital bonds.

During the year, the ongoing dispute related to the former Rome headquarters of the merged company Eurovita Assicurazioni S.p.A. was concluded with the payment of an expense of €3,621 thousand deducted from the provision for risks previously set aside of €2,400 thousand. The financial settlement was made in the first few days of 2021.

Provisions for defaulted index-linked products:

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

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

Agency network provisions:

- Agent retirement fund: this includes the provision for pension funds to cover severance indemnities relating to the associated company Agenzia Eurovita.

  The fund remained substantially unchanged during 2020.
- Restructuring of the agency network: following the closure of the agency channel, allocations were made during the fourth quarter of the year totalling €348 thousand for certain drawings in relation to the expensing of recoveries related to agency closures during the third quarter of the year of €973 thousand.

Miscellaneous agency network disputes:

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

Miscellaneous customer disputes:

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

Other provisions relating to personnel:

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

3 Technical provisions

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019	Change for the period
Insurance provisions	**9.853.207**	9.982.105	-128.899
Shadow accounting	**1.309.796**	720.624	589.172
VIF - Value in force	**118.768**	170.074	-51.305
Total Insurance Provisions	**11.281.771**	**10.872.803**	**408.968**

Total technical provisions increased from €10,873 million in 2019 to €11,282 million at 31 December 2020, due to the following changes:

- technical provisions decreased by €129 million due to negative net premiums;
- shadow accounting increased due to higher unrealised capital gains and the higher retrocession rates calculated for segregated funds in compliance with the minimum contractual guarantees.
- the VIF (Value In Force), relating to the negative value of the Life portfolio of the former Eurovita Assicurazioni S.p.A., acquired in 2017, is decreasing annually on the basis of the run-off of the technical provisions to which it relates.

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

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019	Change for the period
Actuarial reserves	**8.745.005**	9.394.572	-649.567
Reserve for premium recoveries	**31.921**	46.216	-14.295
Reserve for rate expiry risk	**18.745**	542	18.203
Reserve per demographic basis adjustments	**9.999**	8.568	1.431
Reserves for direct business	**72.698**	74.521	-1.823
Reserves for special redemptions	**444**	430	14
Reserve for mortality risk	**7.078**	4.160	2.918
Reserves for future expenses	**28.253**	30.076	-1.823
Reserves for Class D	**615.966**	125.506	490.460
Reserves for supplementary insurance	**4.319**	5.179	-860
Reserve for amount to be paid	**317.498**	292.335	25.163
LAT - Liability Adequacy Test	**1.280**	0	1.280
Shadow accounting reserve	**1.309.796**	720.624	589.172
VIF	**118.768**	170.073	-51.305
Total	**11.281.771**	**10.872.803**	**408.968**

The provision pursuant to Article 1801 and decrease in rates increased due to lower projected RW yields.

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

According to these rules for insurance contracts and for investment contracts with DPF (the category in which Multi-class products are classified), an adequacy test of the contractual technical provisions is required (mathematical provisions for pure, additional and supplementary premiums and for future and other expenses), net of intangible assets relating to the acquisition of contracts (deferred acquisition costs - value in force).

In other words, the LAT is designed to ascertain that the *statutory reserve* (value of all contractual provisions) net of the intangible assets linked to contracts (Deferred Acquisition Cost and VIF) is greater than or equal to the *realistic reserve* calculated on the basis of realistic future commitments, as further specified below.

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

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

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

The value in force of portfolios linked to insurance products.

The test was carried out on the closed portfolio existing at 31 December 2020.

The realistic reserve is defined as follows:

(+) present value of the company's services (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 fair value of the expected cash flows generated by the closed portfolio in force at the valuation date.

The technical forms considered were aggregated by types of contracts with respect to the main discriminating parameters, such as pricing structure, minimum guaranteed rate, retrocession rates, and segregated fund.

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

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

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

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

With regard to the time horizon, in principle the projection should be long enough to cover the entire duration of the contracts, always keeping in mind the principle of materiality. The company adopted a projected time horizon of 40 years except for segregated funds linked to supplementary pension products, for which it preferred to extend the horizon to 50 years.

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

For active reinsurance contracts, the realistic reserve was obtained on the basis of 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, demonstrated their sufficiency for all business lines except for Eurovita 2000, for which an additional reserve was created.

(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	3.810.335	498.250	53.224	6.389	3.887.921	467.499
Eurovita Primariv	1.853.718	296.306	98.453	0	2.191.445	57.032
Eurovita Nuovo Secolo	2.629.486	446.738	0	14.818	2.417.484	643.921
Eurovita Nuovo PPB	417.457	57.210	0	0	461.540	13.127
Eurovita 2000	10.832	3.491	0	0	15.603	-1.280
Eurovita Futuriv	13.528	2.334	-3.085	0	11.678	1.098
Eurovita Smart	38.308	5.019	-33	0	37.910	5.384
Unit Linked	624.306	0	-639	16.523	519.884	87.259
Other Funds	54.605	0	-19.620	1.287	21.167	12.531
Indirect Business	72.698	0	0	0	63.962	8.736
TOTAL	**9.525.272**	**1.309.347**	**128.300**	**39.017**	**9.628.594**	**1.295.308**

4. Financial liabilities

4.1 Financial liabilities measured at fair value through profit or loss

The breakdown of this item is shown below:

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019	Change for the period
Financial liabilities - Investment contracts	**6.176.135**	6.740.141	-564.006
Non-hedge derivatives	**0**	0	0
Hedge derivatives	**94.114**	68.015	26.099
Total fin. liabilities at fair value through profit or loss	**6.270.248**	**6.808.156**	**-537.908**

This item includes liabilities of €6,176,135 thousand for financial contracts at 31 December 2020 (€6,740,141 thousand at 31 December 2019) and negative hedge derivatives totalling €94,114 thousand (€68,015 thousand at 31 December 2019).

Hedge derivatives amounted to €94,114 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 specifying the corresponding value of the previous financial year.

Changes in financial liabilities relating to contracts classified as "Investments" are provided below:

(valori espressi in migliaia di Euro)

Actuarial Reserve at 31/12/2019	**6.740.141**
Change in reserve for premiums collected for the year	458.521
Change in reserve for liquidation for the year	-784.967
Change in reserve as a result of revaluation	145.212
Change in reserve for amounts to be paid	-9.345
Changes in portfolio	-373.427
Balance sheet reserve 31/12/2020	**6.176.135**

4.2 Other financial liabilities

The breakdown of this item is shown below:

(amounts in Euro thousand)

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

Other financial liabilities amounted to €373,881 thousand compared with €735,918 thousand in 2019.

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

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

For the purpose of full disclosure, it should be noted that on 21 February 2020 the 10-year bond loan maturing on 28 June 2029 with a nominal value of €65 million, wholly subscribed by the private equity fund Cinven, the ultimate shareholder of the Eurovita Group, was redeemed early.

On the same date, a new 10-year bond loan with a nominal value of €115 million was issued, maturing on 21 February 2030, which was wholly subscribed by Tenshi Investment Ltd, based in Singapore.

5 Payables

Payables amounted to €154,537 thousand at 31 December 2020, compared with €152,804 thousand in 2019.

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019	Change for the period
Payables arising out of direct insurance operations	**25.563**	28.282	-2.719
Payables arising out of reinsurance operations	**69.267**	75.770	-6.503
Sundry payables	**59.707**	48.752	10.955
Total payables	**154.537**	**152.804**	**1.733**

5.1 Payables deriving from direct insurance transactions

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 2021.

5.2 Payables deriving from reinsurance transactions

Payables deriving from reinsurance transactions, which decreased from €75,770 thousand in 2019 to €69,267 thousand in 2020, include payables to reinsurers for risk premium and commercial treaties and for indirect business. The €6,503 thousand decrease compared with December 2019 was due to the reduced run-off of the maturities of commercial reinsurance generated in the year 2000 compared with payments for the 1999 generation.

5.3 Other payables

The following table shows a breakdown by category:

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019	Change for the period
Employees' severance indemnities	**1.053**	1.063	-10
Tax payables borne by policyholders	**124**	40	84
Sundry tax liabilities	**5.840**	1.422	4.418
Payables to pension and social security institutions	**1.726**	1.542	184
Sundry payables	**50.965**	44.685	6.279
Total Other payables	**59.707**	**48.752**	**10.955**

Employee severance indemnities

Payables for employee severance indemnities amounted to €1,053 thousand (€1,063 thousand in 2019). The balance includes the estimate of such indemnities, calculated in line with the IFRS accounting principles.

Tax payables borne by policyholders

Tax payables borne by policyholders amounted to €124 thousand (€40 thousand in 2019).

Despite the decrease in the absolute value of subsequent annual payments still subject to tax, the debt position increased compared with the previous year, due to a smaller amount paid l in December for the 2021 payment on account compared with the amount paid in the previous year for 2020 taxes.

Sundry tax payables

The item refers to the tax charges for which the company acts as a tax collection agent and to payables for taxes other than income taxes, which amounted to €5,840 thousand (€1,422 thousand in 2019). The increase mainly reflects higher withholdings on payments relating to redemptions and maturities totalling €4,276 thousand.

Payables to pension and social security institutions

This item includes payables to INPS for contributions to be paid by employees and the Company, amounting to €1,726 thousand compared with €1,542 thousand in 2019.

Sundry payables

Sundry payables, which amounted to €50,965 thousand increased by €6,279 thousand and include €3,621 thousand for the settlement of the dispute concerning the former registered office in Rome, €2,973 thousand for accounts receivable and €1,255 thousand in deferred expenses relating to employees pursuant to IAS 19, partially offset by the €932 reduction in the change in future instalments of lease payments for the Company's registered office and vehicles pursuant to IFRS 16.

The following table shows the breakdown of this item at 31 December 2020:

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019
Trade payables and Invoices to be received	**10.464**	10.485
Payables to employees	**3.542**	2.029
Payables for unit commissions	**343**	343
Sundry payables	**7.773**	3.320
Other payables	**28.843**	28.508
Total Sundry payables	**50.965**	**44.685**

6 Other liability items

6.2 Deferred tax liabilities

In accordance with IAS 12, deferred and prepaid taxes should be offset when they refer to the same type of tax. It should be noted that this year, deferred taxes exceeded prepaid taxes and therefore this item was recognised under liabilities (€36,402 thousand), while in 2019 this item was also recognised under liabilities (€65,114 thousand).

Prepaid and deferred tax assets/liabilities mainly derive from the temporary differences on value adjustments on taxed risk provisions, on deferred commission income and expense, on the valuation of "long-term" securities according to fiscal principles, on the valuation of securities available for sale, and on shadow accounting, and adjustments due to positive and negative Value in Force.

It should be noted that following the amendments introduced by Decree-Law No. 78 of 31.5.2010, converted into Law No. 122 of 30.7.2010, the change in the net technical provisions for the Life business became partially non-deductible/taxable; this effect can be reabsorbed in future financial years.

Due to the approval of Law No. 208 of 28 December 2015 (2016 Stability Law) the IRES rate decreased from 27.50% to 24% with effect from 2018.

The attached table sets out the details, with an indication as to whether the deferred/prepaid tax refers solely to IRES with an applicable 24% rate or also includes IRAP (6.82%) making a total of 30.82% for the two tax rates.

Net deferred taxes calculated by applying the 24% IRES rate amounted to €24,546 thousand on temporary net differences of €102,275 thousand and those calculated by applying the 6.82% IRAP rate amounted to €11,856 thousand calculated on temporary net differences of €173,843 thousand.

Breakdown of prepaid taxes	Fiscal year 2020 Amount of temporary differences	Fiscal year 2020 Rate	Fiscal year 2020 Tax effect	Fiscal year 2019 Amount of temporary differences	Fiscal year 2019 Rate	Fiscal year 2019 Tax effect	Change due to tax effect 2020-19
Taxed provisions for write-downs and risks	32.745	24,00%	7.859	27.493	24,00%	6.598	1.261
Taxed provisions for write-downs and risks	1.374	6,82%	94	-	6,82%	-	94
Deferred commission income	3.041	30,82%	937	3.620	30,82%	1.116	-179
Tax losses to be carried forward	14.081	24,00%	3.379	-	24,00%	-	3.379
Change in actuarial provisions	42.592	24,00%	10.222	46.043	24,00%	11.050	-828
Other payables	59	24,00%	14	507	24,00%	122	-108
Intangible assets	11.317	24,00%	2.716	127	30,82%	39	2.677
Negative value in force	118.768	30,82%	36.604	170.073	30,82%	52.417	-15.812
Liabilities to policyholders (shadow accounting)	83.025	30,82%	25.588	111.689	30,82%	34.422	-8.834
Liabilities to policyholders (shadow accounting) to P&L	-	30,82%	-	-4.202	30,82%	-1.295	1.295
Losses on equity investment valuations	-	24,00%	-	14.649	24,00%	3.516	-3.516
Prepaid taxes offset in IS	**307.001**		**87.414**	**370.000**		**107.985**	**-20.571**
Liabilities to policyholders (shadow accounting)	1.226.771	30,82%	378.091	602.931	30,82%	185.823	192.267
Liabilities to policyholders (shadow accounting) from P&L		30,82%		4.202	30,82%	1.295	-1.295
Severance pay	74	30,82%	23	16	30,82%	5	18
Other items		30,82%	-	103	30,82%	32	-32
Losses on AFS securities and IAS 19 Reserve	-	30,82%	-	-	30,82%	-	-
Prepaid taxes offset in SE	**1.226.845**		**378.114**	**607.253**		**187.155**	**190.958**
Total prepaid taxes	**1.533.846**		**465.528**	**977.252**		**295.140**	**170.387**

Breakdown of deferred taxes	Fiscal year 2020 Amount of temporary differences	Fiscal year 2020 Rate	Fiscal year 2020 Tax effect	Fiscal year 2019 Amount of temporary differences	Fiscal year 2019 Rate	Fiscal year 2019 Tax effect	Change due to tax effect 2020-19
Gains on AFS securities	246.945	30,82%	76.108	257.386	30,82%	79.326	-3.218
Gains on AFS securities	18.005	24,00%	4.321	27.843	24,00%	6.682	-2.361
Gains on AFS securities to P&L	-	30,82%	-	4.244	30,82%	1.308	-1.308
Deferred commission expense	34.014	30,82%	10.483	41.892	30,82%	12.911	-2.428
Positive value in force	58.447	30,82%	18.013	69.375	30,82%	21.381	-3.368
Deferred taxes offset in IS	**357.410**		**108.926**	**400.741**		**121.610**	**-12.684**
Gains on AFS securities from P&L	-	30,82%	-	-4.244	30,82%	-1.308	1.308
Liabilities to policyholders (shadow accounting)	-	30,82%	-	-	30,82%	-	-
Deferred commission expense	-	30,82%	-	-	30,82%	-	-
Commissioni passive differite	-	30,82%	-	-	30,82%	-	-
Other items	-	30,82%	-	-	30,82%	-	-
Gains on AFS securities	1.275.158	30,82%	393.004	778.563	30,82%	239.953	153.051
Deferred taxes offset in SE	**1.275.158**		**393.004**	**774.319**		**238.645**	**154.359**
Total prepaid taxes	**1.632.569**		**501.930**	**1.175.060**		**360.255**	**141.675**

Breakdown of deferred / prepaid taxes	Fiscal year 2020 Amount of temporary differences	Fiscal year 2020 Rate	Fiscal year 2020 Tax effect	Fiscal year 2019 Amount of temporary differences	Fiscal year 2019 Rate	Fiscal year 2019 Tax effect	Change due to tax effect 2020-19
Prepaid taxes offset in IS	307.001		87.414	370.000		107.985	-20.571
Deferred taxes offset in IS	-357.410		-108.926	-400.741		-121.610	12.684
Prepaid / deferred taxes offset in IS	**-50.409**		**-21.512**	**-30.742**		**-13.624**	**-7.887**
Prepaid taxes offset in SE	1.226.845		378.114	607.253		187.155	190.958
Deferred taxes offset in SE	-1.275.158		-393.004	-774.319		-238.645	-154.359
Prepaid / deferred taxes offset in SE	**-48.313**		**-14.890**	**-167.066**		**-51.490**	**36.600**
Total prepaid / deferred taxes	**-98.722**		**-36.402**	**-197.808**		**-65.114**	**28.712**

Compared with the previous financial year, the changes in prepaid and deferred taxes offset in the income statement, equal to a net decrease of €7,887 thousand were mainly due to:

- a €1,261 thousand increase in prepaid taxes on provisions for bad debts and taxed provisions for risks;
- a €179 thousand decrease in prepaid taxes on deferred commission income;
- a €3,379 thousand increase in prepaid taxes for tax losses;
- a €892 thousand decrease in prepaid taxes on mathematical provisions;

- a €2,677 thousand increase in prepaid taxes for securities of acquired companies;
- a €15,812 thousand decrease in prepaid taxes on a negative value in force;
- a €7,539 thousand decrease in prepaid taxes on shadow accounting;
- a €3,516 thousand decrease in prepaid taxes on valuation losses;
- a decrease totalling €6,887 thousand in deferred taxes on capital gains on AFS securities;
- a €2,428 thousand decrease in deferred taxes on commission expense;
- a €3,368 thousand decrease in deferred taxes on a positive value in force.

Compared with the previous financial year, the most significant changes in prepaid and deferred taxes offset in shareholders' equity, equal to a net decrease of €36,600 thousand were as follows:

- a €190,958 thousand increase in prepaid taxes net of the reduction in deferred taxes on shadow accounting;
- a €154,359 thousand increase in deferred taxes on capital gains on AFS securities.

6.3 Current tax liabilities

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, amounting to €41,863 thousand (€43,049 thousand in the previous year), which remained unpaid at year-end.

6.4 Other liabilities

The breakdown of this item is shown below:

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019	Change for the period
Deferred commission income	**3.574**	4.154	-580
Suspended premiums collected	**33.918**	35.055	-1.136
Commissions to be paid on late premiums	**0**	1.654	-1.654
Commission bonuses and agency network contributions	**3.224**	131	3.093
Personnel expenses	**3.536**	3.686	-150
Accrued liabilities and deferred income	**8.475**	4.255	4.220
Other	**667**	434	233
Total Other Liabilities	**53.394**	**49.369**	**4.027**

This grouping mainly comprises deferred commission income on investment contracts, amounting to €3,574 thousand outstanding premiums, where the issue of the relevant policies or identification of the reason for collection is pending, equal to €33,918 thousand personnel costs of €3,536 thousand and accrued expenses and deferred income of €8,475 thousand up by €4,220 thousand compared with the previous year, due to higher interest expense owing to the increase in the value of subordinated loans.

The changes in commission income on investment contracts are attached:

(amounts in Euro thousand)

Investment Products	31/12/2019	Changes in portfolio	Unwind for installment amort.	New Business	31/12/2020
DIR	4.154	264	1.108	792	**3.574**

For both the deferred acquisition costs of investment contracts and the deferred income reserve (DIR), the decrease is essentially linked to a contraction in new business related to unit-linked products.

5.F Information on the income statement at 31 December 2020

The closing balances at 31 December 2020 are compared on a like-for-like basis with those at 31 December 2019.

1 Net premiums

1.1.1 Gross earned premiums

The breakdown of this item is shown below:

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019	Change	Ch. %
Annual premiums in the first year	27.538	110.285	-82.746	-75%
Annual premiums in subsequent year	141.910	155.449	-13.539	-9%
Single premiums	1.018.097	1.732.760	-714.662	-41%
Total direct business	**1.187.546**	**1.998.493**	**-810.948**	**-41%**
Premiums on reinsured risks (indirect business)	4.626	5.225	-599	-11%
Total gross earned premiums	**1.192.172**	**2.003.719**	**-811.547**	**-41%**

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

(amounts in Euro thousand)

IAS Classification (in Euro thousand)	Premiums in subsequent years	Premiums in the first year	Total
Supplementary	33	3.435	**3.468**
Indirect business	-	4.626	**4.626**
Insurance	25.605	71.044	**96.649**
Investment DPF	1.020.157	67.272	**1.087.429**
Grand total	**1.045.795**	**146.377**	**1.192.172**
Investment	454.455	8.259	**462.714**
Grand total	**1.500.250**	**154.636**	**1.654.886**

1.1.2 Earned premiums ceded to reinsurers

Premiums ceded to reinsurers amounted to €13,979 thousand decreasing by €15,595 thousand compared with 2019.

The breakdown of net premiums is shown in the annex specifying the corresponding value of the previous period.

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019	Change	Ch. %
Direct and indirect business	**1.192.172**	2.003.719	-811.547	-41%
Ceded and retroceded business	**-13.979**	-29.574	15.595	-52,7%
Total preserved business	**1.178.193**	**1.974.145**	**-795.952**	**-40%**

1.2 Commission income

Commission income on financial products, net of amortisation of commission income in previous years, amounted to €125,430 thousand (€99,843 thousand at 31 December 2019). The increase was mainly due to the reclassification of commission rebates relating to the Class D portfolio managed by external asset managers classified under item "1.6 Other revenues" until 2019 of €30,803 thousand offset by the decision of policyholders to progressively allocate Class D assets linked to external funds to investment lines that are less costly in terms of premium charges.

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

The breakdown of this item is shown below:

(amounts in Euro thousand)

	Amount at 31/12/2019	Amount at 31/12/2018	Change
Net income from financial instruments at fair value through profit or loss	**9.854**	14.118	-4.263

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 €241,663 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 significantly lower than the financial result recorded in the previous year (€838,841 thousand), mainly due to the negative performance of markets in the first half of the year due to the financial crisis related to the Covid-19 pandemic.

Assets held for trading generated a profit of €3,258 thousand (compared with a loss of €475 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)

	31/12/2020					31/12/2019				
Investment Income	**Interest income**	**Other income**	**Realized gains**	**Valuation gains**	**Total**	**Interest income**	**Other income**	**Realized gains**	**Valuation gains**	**Total**
Held for trading	0	222	474	2.764	3.460	0	273	0	4.909	5.183
Designated at Fair Value	8.999	0	68.827	447.851	525.677	10.973	26	215.325	638.637	864.961
Restatement of financial products	0	-235.067	0	0	-235.067	0	-824.248	0	0	-824.248
Total Income from financial instruments at fair value through profit or loss	**8.999**	**-234.845**	**69.301**	**450.615**	**294.070**	**10.973**	**-823.950**	**215.325**	**643.547**	**45.896**

	31/12/2020					31/12/2019				
Investment Charges	**Interest expense**	**Other charges**	**Realized losses**	**Valuation losses**	**Total**	**Interest expense**	**Other charges**	**Realized losses**	**Valuation losses**	**Total**
Held for trading	0	0	-66	-136	-202	0	0	0	-5.658	-5.658
Designated at Fair Value	0	-15.963	-181.368	-86.683	-284.014	0	-14.281	-4.474	-7.365	-26.120
Restatement of financial products	0	0	0	0	0	0	0	0	0	0
Total Expenses from financial instruments at fair value through profit or loss	**0**	**-15.963**	**-181.433**	**-86.819**	**-284.215**	**0**	**-14.281**	**-4.474**	**-13.023**	**-31.778**

1.5 Income from other financial instruments and investment property

Income from investments in the category of "Available-for-sale financial assets" and "Loans and receivables" are detailed in the following table, specifying the corresponding values at the end of the previous financial year:

(amounts in Euro thousand)

	31/12/2020					31/12/2019				
	Interest income	**Other income**	**Realized gains**	**Valuation gains**	**Total**	**Interest income**	**Other income**	**Realized gains**	**Valuation gains**	**Total**
Available for sale financial assets	156.045	25.337	74.156	0	255.538	158.477	38.571	48.760	0	245.808
Loans and receivables	20.756	1	0	0	20.757	14.595	32	0	0	14.627
Total Income from other financial instruments and land and buildings (investment properties)	**176.801**	**25.338**	**74.156**	**0**	**276.295**	**173.072**	**38.603**	**48.760**	**0**	**260.435**

Ordinary income from the "Available-for-sale financial assets" and "Loans and receivables" category (€202,140 thousand) decreased by 4.5% compared with the previous year (€211,675 thousand) due to the reduction in the average inventory of investments in this statement of financial position category (-

5.39%), partly offset by improved profitability as a result of an increase in average duration. Realised gains remained significant (€74,156 thousand), up on the previous year (€48,760 thousand), partly due to the partial consolidation of accumulated income, which was also the result of strategies for continued ALM optimisation.

1.6 Other revenues

The breakdown of other revenues is as follows:

(amounts in Euro thousand)

	Amount at 31/12/2019	Amount at 31/12/2018	Change	Ch. %
Other technical income	**22.084**	52.138	-30.054	-58%
Withdrawals from provisions	**4.871**	4.610	261	6%
Contingent assets	**2.422**	3.148	-726	-23%
Other revenues	**2.700**	3.661	-961	-26%
Total Other income	**32.077**	**63.557**	**-31.480**	**-50%**

As shown in the table above, "Other revenues" decreased by €31,480 thousand. The breakdown of the item is as follows:

- “Other technical income” of €22,084 thousand mainly including management fees on internal Class D funds of €15,128 thousand drawings from provisions for bad debts for policyholder arrears of €3,784 thousand and fees retroceded by mutual fund managers and included in investments for policyholders in the amount of €2,373, thousand. The reduction was due exclusively to the reclassification of commission rebates relating to the Class D portfolio managed by external asset managers classified under item “1.2 Commission income” amounting to €30,803 thousand.
- “Drawings from provisions” of €4,871 thousand mainly attributable to the resolution of the former Eurovita Assicurazioni real estate dispute and disputes with customers and the agency network, as well as the payment of retention bonuses to employees;
- “Other revenues” of €2,700 thousand which mainly include the recovery of expenses from Group companies for the secondment of personnel and income relating to the termination of the commercial agreement with the Vitanuova network;
- “Contingent assets” of €2,422 thousand. Contingent assets are due to the settlement of items from prior years.

2.1 Net claims-related expenses

The breakdown of net expenses is as follows:

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019	Change	Ch. %
Amounts paid	1.879.791	1.536.556	343.235	22%
Change in technical provisions	-575.323	573.883	-1.149.206	-200%
Direct and indirect business	**1.304.468**	**2.110.439**	**-805.971**	**-38%**
Amounts paid - ceded	-434.621	-502.036	67.415	-13%
Change in insurance provisions ceded	412.814	456.841	-44.027	-10%
Ceded and retroceded business	**-21.807**	**-45.195**	**23.388**	**-52%**
Net amounts paid	1.445.170	1.034.520	410.650	40%
Change in net insurance provisions	-162.509	1.030.724	-1.193.233	-116%
Total Net insurance benefits and claims	**1.282.661**	**2.065.244**	**-782.583**	**-38%**

The change compared with the previous financial year, amounting to €782,583 thousand was mainly due to lower net technical provisions, essentially in line with the drop in premium income.

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

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019	Change	Ch. %
Claims paid	163.446	133.978	29.469	22,00%
Redemptions paid	777.683	437.247	340.435	77,86%
Maturities	938.662	965.331	-26.669	-2,76%
Total gross	**1.879.791**	**1.536.556**	**343.235**	**22,34%**
Claims paid	-10.153	-11.061	909	-8,21%
Redemptions paid	-8.134	-14.718	6.585	-44,74%
Maturities	-416.335	-476.256	59.922	-12,58%
Total portion borne by reinsurers	**-434.621**	**-502.036**	**67.415**	**-13,43%**
Total including reinsurance	**1.445.170**	**1.034.520**	**410.650**	**39,69%**

As shown in the table, compared with the previous year, settlement expenses, gross of the reinsurance effect, show an increase in redemptions and claims compared with substantial consistency in maturities paid.

Although the amount of insurance or investment redemptions paid during the year increased by 5% compared with the previous year, the €340 million change in volumes linked to products with a higher insurance content is mainly attributable to the Liquidity Bonus initiative (approximately €145 million).

However, two other phenomena that are hard to quantify in terms of volumes should be taken into account: the diversion of the traditional policy portfolio following the closure of the former ERGO Previdenza agents' channel, and the decision by policyholders to favour products with greater insurance content compared with the volumes of redemptions on investment products that occurred during the previous year.

2.2 Commission expense

Commission expense on financial products, after amortisation of the commission expense of previous years, amounted to €90,289 thousand (€99,990 thousand at 31 December 2019).

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

2.4 Expenses deriving from other financial instruments and investment property

Investment expenses in the category "Available-for-sale financial assets" and "Financial liabilities" are detailed in the table below which also sets out the corresponding values at the end of the previous financial year.

(amounts in Euro thousand)

	31/12/2020					31/12/2019				
	Interest expense	Other charges	Realized losses	Valuation losses	Total	Interest expense	Other charges	Realized losses	Valuation losses	Total
Available for sale financial assets	0	0	37.182	6.546	43.728	0	0	11.859	6.075	17.934
Loans and receivables	21.842	0	0	0	21.842	34.429	0	0	0	34.429
Total Expenses from other financial instruments and land and buildings (investment properties)	**21.842**	**0**	**37.182**	**6.546**	**65.570**	**34.429**	**0**	**11.859**	**6.075**	**52.363**

Interest expense refers to interest on deposits by reinsurers of €14,209 thousand and interest expense related to subordinated loans of €7,632 thousand. The latter increased by €2,659 thousand compared with the previous financial year following the increased issue of a new subordinated loan by a further €50 thousand000.

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

Losses on disposals (together with the related gains shown above) of €37,182 thousand (€11,859 thousand in 2019) are an integral part of the results of the optimisation strategies of the ALM structure implemented during the year (mainly bonds).

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

A further detail of financial and investment costs, by type, specifying the corresponding value of the previous financial year, is provided in the annexes hereto.

2.5 Operating Costs

Operating costs are detailed in the following table:

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019	Change	Ch. %
Acquisition commissions	**12.264**	27.079	-14.815	-55%
Other acquisition costs	**32.554**	20.507	12.047	59%
Change deferred acquisition costs	**4.472**	-6.021	10.493	-174%
Collection commissions	**2.134**	3.710	-1.576	-42%
Commissions and profit sharing ceded	**-1.500**	-6.892	5.392	-78%
Total commissions and other acquisition costs	**49.924**	**38.383**	**11.541**	**30%**
Investment management expenses	**12.842**	11.960	882	7%
Other administration costs	**25.159**	22.299	2.860	13%
Total Acquisition and administration costs	**87.925**	**72.642**	**15.283**	**21%**

Total costs attributable to operations increased from €72,642 thousand at 31 December 2019 to €87,925 thousand at 31 December 2020.

The increase compared with the previous year (€15,283 thousand) is mainly attributable to €9,787 thousand in costs incurred to close the agency channel, goodwill of €4 thousand000 for new commercial partnerships, €10,493 thousand due to higher amortisation of DACs, a €5,392 thousand drop in commissions received from reinsurers, in line with the reduction in premiums ceded for reinsurance, and a €1,917 thousand increase in overhead expenses.

Acquisition costs relating to insurance-classified products decreased by €14,815 thousand in line with the decrease in premiums.

The breakdown of insurance management costs, separately by type of expense, specifying the corresponding value of the previous period, is provided in an annex.

2.6 Other Costs

Other costs are broken down in the following table:

(amounts in Euro thousand)

	Amount at 31/12/2020	Amount at 31/12/2019	Change	Ch. %
Other technical charges	**56.526**	55.741	785	1%
Provisions set aside	**6.052**	1.441	4.611	320%
Losses on receivables	**5.723**	1.951	3.772	193%
Contingent liabilities	**567**	1.699	-1.132	-67%
Amortization of intangible fixed assets	**832**	1.161	-329	-28%
Other costs	**12.339**	13.617	-1.278	-9%
Total Other expenses	**82.039**	**75.610**	**6.429**	**9%**

Other costs mainly include:

- "Other technical expenses" amounting to €56,526 thousand (€55,741 thousand in 2019) mainly refer to the cancellation due to non-collectability of receivables relating to premiums of €20,564 thousand for years prior to the financial year in question, commission rebates of €964 thousand and Class I and V maintenance costs of €34,129 thousand.

  For the purpose of full disclosure, it should be noted that in relation to the cost relating to cancellations due to bad debts relating to premiums of previous years the related reserve was released, which in fact neutralised its impact on the income statement.

- "Allocations to provisions" mainly related to provisions for future risks and charges of €6,052 thousand including €5,400 thousand for disputes with customers and €646 thousand for disputes with agents;
- "Losses on receivables" of €5,723 thousand (€1,951 thousand in 2019) mainly relate to settlement of the ongoing dispute with the owners of the property in Rome where the former Eurovita Assicurazioni had its registered office (€3,621 thousand), as well as the usual activity of settling disputes with agents and policyholders. 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";
- "Contingent liabilities" of €567 thousand (€1,699 thousand in 2019) were due to the closing out of positions belonging to the previous financial year;
- "Amortisation of intangible fixed assets" of €832 thousand (€1,161 in 2019) refers to software and IT projects;
- "Other costs" of €12,339 thousand (€13,617 thousand in 2019) are mainly attributable to the amortisation of €10,928 thousand of the Value in Force of the former Old Mutual and administration costs charged by other Group companies in the amount of €1,346 thousand.

3. Taxes

Income taxes for the year and IRAP (regional production tax) allocated by the Company totalled €2,334 thousand constituting 17.40% of pre-tax profit compared with 31.40% in 2019.

It should be noted that following approval of the Law of 28 December 2015 (2016 Stability Law), the IRES (corporate income tax) rate decreased to 24% with effect from 2018.

Taking into account the provisions of Article 76 of Lombardy Region Law No. 10 of 10 July 2003 and the aforementioned increase, the IRAP rate for the year 2020 was 6.82%.

The tax burden for 2020 was calculated by applying the following rates on taxable income for IRES purposes and taxable profit for IRAP purposes:

- IRES: 24.00% on IRES taxable income
- IRAP: 6.82% on IRAP taxable profit

The taxes for the period do not include current IRES and IRAP taxes, as they were reduced to zero in 2020, increased by the decrease in prepaid taxes, with a balancing entry in the income statement of €20,580 thousand and decreased by the decrease in deferred taxes, with a balancing entry in the income statement of €12,684 thousand and further decreased by €5,552 due to the relief deriving from the application for the use of the Patent Box on the company trademark. This procedure was completed in 2020 by agreement with the Rome Revenue Agency.

Taxes for the year therefore amounted to €2,334 thousand.

For details of changes in prepaid and deferred taxes offset the Income Statement, reference should be made to the foregoing.

Reconciliation table between statutory tax burden and theoretical tax burden	**FINANCIAL YEAR 2020**			**FINANCIAL YEAR 2019**		
Reconciliation between statutory tax burden and theoretical tax burden (I.R.E.S.)						
Profit (loss) before income taxation		**13.367**			46.249	
Theoretical tax burden (rate of 27,5% for the year 2018 and 24% in 2019)			**3.208**			11.100
Temporary differences deductible in subsequent fiscal years:						
+ Taxed provisions for risks	**9.558**			1.341		
+ Other non-deductible provisions				15.419		
Total		**9 .558**			16.760	
Temporary differences taxable in subsequent fiscal years:						
+/- Adjustments to financial fixed assets (AFS)	**9.838**			521		
- Net effect of the adoption of IFRS standards	**-32.886**			-25.080		
Total		**-23.048**			-24.560	
Use of temporary differences from prior financial years:						
+ Value adjustments to shares not held as fixed assets from prior years	**-**			-		
- Use of taxed funds	**-10.313**			-4.729		
- Use of taxed provisions	**-**			-		
- Other costs not deducted in prior financial years	**-**			-		
Total		**-10.313**			-4.729	
Permanent differences:						
+ Entertainment expenses and other non-deductible costs	**974**			2 .213		
- Tax break on dividend receipts	**-**			-		
- Tax break on ACE	**-3.685**			-3.177		
- Non-taxable contingent assets	**-933**			-14		
Total		**-3.644**			-978	
Taxable amount - I.R.E.S.		**-14.081**	**0**		32.742	
Current taxes for the year - I.R.E.S.			**-**			**7.858**
Reconciliation between statutory tax burden and theoretical tax burden (I.R.A.P.)						
Difference between production value and cost		**6.951**			41.611	
Net costs not relevant for I.R.A.P. purposes		**-24.000**			-18.375	
Total		**-17.048**			23.236	
Theoretical tax burden (rate of 6.82% for the years 2018 and 2019)			**-**			1.585
Taxable amount - I.R.A.P.		**-17.048**			23.236	
Current taxes for the year - I.R.A.P.			**-**			**1.585**
Total current taxes for the year - I.R.A.P. and I.R.E.S.			**-**	**-**		**20.255**
Change in prepaid taxes			**20.570**			4.895
Change in deferred taxes			**-12.684**			184
Tax relief on the Patent box			**-5.552**			-
Total taxes for the year			**2.334**			**12.207**

The following table shows the reconciliation between the statutory tax burden and the theoretical tax burden (amounts in thousands of euro):

Reconciliation table between applicable tax rate and actual tax rate:		
	Financial Year 2019	**Financial Year 2018**
Applicable ordinary tax rate - I.R.E.S.	**24,00%**	24,00%
Effect of increases on ordinary rate		
+ Entertainment expenses and other non-deductible costs	**1,75%**	1,15%
Effect of decreases on ordinary rate		
- Tax break on dividend receipts	**0,00%**	0,00%
- Non-taxable contingent assets	**-8,29%**	-1,66%
I.R.E.S. actual rate without temporary differences	**0,00%**	0,00%
Temporary differences deductible in subsequent financial years	**17,46%**	23,49%
Temporary differences taxable in subsequent financial years	**17,16%**	8,70%
I.R.E.S. actual tax rate	**-59,90%**	-15,20%
I.R.A.P. applicable ordinary rate	**0,00%**	16,99%
Effect of increases on ordinary rate		
+ Different I.R.A.P. taxable amount	**-3,27%**	-0,68%
+ Net costs not relevant for I.R.A.P. purposes	**-12,15%**	-2,71%
I.R.A.P. actual tax rate	**0,00%**	3,43%
Changes in prepaid taxes:	**153,89%**	10,58%
Changes in deferred taxes:	**-94,89%**	0,40%
Tax relief on the Patent box	**-41,54%**	
I.R.E.S. and I.R.A.P. actual tax rates	**17,46%**	**31,40%**

The Company, together with the parent company Eurovita Holding S.p.A., has also joined the national tax consolidation scheme for the current year pursuant to Legislative Decree No. 344 of 12 December 2003.

Eurovita Holding S.p.A. will fulfil the obligations related to the IRES tax return and settlement. The economic and financial transactions between the two companies in relation to the national tax consolidation are regulated under a specific contract. The years still open for tax purposes, for both direct tax and VAT purposes, are all years from 2016.

However, Article 157 of Decree-Law No. 34/2020 deferred the deadline for the serving of tax assessment notices due between 8 March 2020 and 31 December 2020 to the end of the current year

2021. Consequently, the absence of the serving of assessment notices for 2015, as at the current date, does not mean that the year in question has been settled.

It should be noted that there were still some pending tax disputes in respect of Eurovita with the Italian Revenue Agency as at 31 December 2020, as detailed below:

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

- provisions of €831 thousand were set aside in regard to the tax dispute over the refusal to reimburse the 1998 IRAP payment and related interest. The company is waiting for the hearing to be set by the Rome Regional Tax Commission after the appeal was rejected by the Rome Provincial Tax Commission. The provision covers the entire receivable consisting of €655 thousand in principle and €176 thousand in interest carried in the financial statements until 2015, amounting to a total receivable of €831 thousand;

- in 2019, the Italian Revenue Agency - Lazio Regional Directorate carried out a tax audit that covered the 2015 and 2016 tax periods; the audit related to the analysis of the tax treatment of dividends paid out by Eurovita Assicurazioni S.p.A. to the former parent company JCF III Eurovita Holding Sarl (incorporated in Luxembourg). In particular, the Italian Revenue Agency's attention focused on the Company's behavior as a tax agent. The audit resulted in a tax audit report in which the Revenue Agency challenged the Company for its failure to withhold taxes on dividends paid out by the Company to the former parent company amounting to €5,010 thousand plus penalties and interest. In 2020, the Company reached a settlement with the Revenue Agency in the amount of €3,844 thousand. This amount was paid in full on 11 January 2021 by the former parent company JCF Eurovita Holding Sarl under a specific agreement between the parties signed during the purchase of Eurovita Assicurazioni S.p.A. ; the dispute is therefore resolved.
- during 2020, the Court of Cassation confirmed the decisions taken in previous years by the Rome Provincial Tax Commission and the Rome Regional Tax Commission regarding the right to be reimbursed for IRES and IRAP for the years 2003 and 2004 in the amount of €1,892 thousand plus accrued interest; the appropriate actions have been taken with regard to the Rome Revenue Agency for the recovery of the receivable and expenses of €26 thousand which the Revenue Agency has been ordered to pay.

in respect of the merged company OMWI:

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

5.G Other Information

1 Solvency Margin

Since 1 January 2016, the Company has been calculating the capital required by the supervisory regulations and the eligible own funds on the basis of the Solvency II legislation as established by Legislative Decree No. 74 of 12 May 2015 implementing Directive 2009/138/EC.

The values expressed below are the best estimate at the current date of the Solvency II closing process as the deadline for sending the annual 2020 data to IVASS is set for 8 April 2021 and they are above the risk assessment framework (RAF) provisions.

At 31 December 2020, the Company's eligible own funds totalled €746.06 million (€687.94 million in 2019) and included subscribed and paid-in share capital of €90,499 thousand share premium reserve of €38,387 thousand subordinated liabilities of €171,763 thousand and the reconciliation reserve of €445,412 thousand.

The Company calculated its own funds (hereinafter also "OF") to cover the solvency capital requirement (hereinafter also "SCR") and the minimum capital requirement (hereinafter also "MCR") by carrying out the subsequent "tier" classification following the rules established by Article 93 *et seq.* of the Directive.

The eligibility thresholds used are those established by Article 82 of the Regulations, which provide for the following criteria to satisfy the Solvency Capital Requirement:

– the Tier 1 component must be at least 50% of the SCR;

– the amount of Tier 3 items must be less than 15% of the SCR;

– the sum of Tier 2 and Tier 3 items must not exceed 50% of the SCR.

Following the assessments carried out for solvency purposes, the following chart shows the structure and the quantity of OFs to cover the SCR and the MCR calculated at 31 December 2020. The quality of OFs is shown in detail by Tier:

(data in Euro Thousand)

Own funds available and eligible to cover the SCR	Own funds available	Eligibility adjustments	Own funds eligible
Tier 1 unrestricted	574.297	-	574.297
Tier 1 restricted	-	-	-
Tier 2	171.763	-	171.763
Tier 3	-	-	-
Total OF	**746.060**	**-**	**746.060**
Total SCR			**424.734**
Surplus (shortage)			**321.326**

(data in Euro Thousand)

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

In accordance with Article 62 – Transitional provisions of IVASS Order No. 53/2016, it should be noted that the data relating to the Solvency Capital Requirement and the Minimum Capital Requirement specified above should be understood as an estimate. The corresponding final data will be communicated to the supervisory authority and included in the Solvency and Financial Condition Report (SFCR) according to the timeframe established by the IVASS regulations on Solvency II.

For a solvency capital requirement of €424.73 million, the Company's own funds to cover the requirement amount to €746.06 million, which implies a Solvency II Ratio of 176%.

As stated in the Capital Plan, in order to strengthen its solvency position, the Company also put a block on dividends and subsequently, on 21 February 2020, added another €50 million to the Tier 2 subordinated loan issued on 28 June 2019.

2 Assets covering technical provisions

It should be noted that, in accordance with current regulations, technical provisions were covered by valuing assets and technical commitments according to the supervisory principles required by IVASS at 31 December 2020 (IVASS Regulation No. 24 of June 2016). After performing the valuation according to these principles, the technical provisions were found to be fully covered.

This coverage was demonstrated by sending IVASS the table entitled "Coverage of technical provisions at 31 December 2020" according to the old template provided for in the coverage model of the previous ISVAP Regulation No. 36 of January 2011, as requested by the Supervisory Authority itself in its letter to the market dated 18 August 2018.

3 Exemption from the obligation to prepare consolidated financial statements

Eurovita S.p.A. holds significant equity investments in Pramerica Life, which in turn wholly owns the agency Pramerica Marketing S.r.l. Pursuant to statutory legislation, and in particular Article 97, paragraph 1 of Legislative Decree No. 209/2005, Eurovita S.p.A is not required to prepare consolidated financial statements, as this obligation is already fulfilled by the consolidated financial statements prepared by the parent company Eurovita Holding S.p.A.

Furthermore, Eurovita Holding S.p.A., parent company of Eurovita S.p.A., prepares consolidated financial statements pursuant to Article 95, paragraph 2, of Legislative Decree No. 209/2005 and Article 25 of Legislative Decree No. 127/1991, which provide the information required to describe the Group's performance.

Unified management - a condition met on a presumptive basis pursuant to Article 96, paragraph 1, of Legislative Decree No. 209/2005 when the management bodies largely consist of the same persons - which characterises the parent company Eurovita Holding S.p.A. and its subsidiaries, is adequately reflected in the consolidated financial statements of Eurovita Holding S.p.A. The correctness of the aforementioned approach was confirmed by IVASS.

4 Compensation paid to the Independent Auditor KPMG S.p.A., Directors and Statutory Auditors

Compensation for the year for the provision of auditing services amounted to a total of €191 thousand (not including V.A.T., expenses, and contributions), while for the review of MVBS and SCR under IVASS Regulation 42 of 2 August 2019 it amounted to a total of €190 thousand (not including VAT, expenses, and contributions) and for the provision of certification services it amounted to €562 thousand.

Compensation for the year paid to the Board of Directors was zero because compensation was paid directly by the parent company Eurovita Holding S.p.A. Compensation paid to the Board of Statutory Auditors amounted to €175 thousand excluding expenses and VAT.

5 Interim dividends

During the year 2020, no interim dividends were paid out or approved for financial year 2020.

6 Average Number of Employees

The average number of employees at 31 December 2020 was 229.

7 Subsequent Events

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

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

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

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

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

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

8 Data of the parent company

As established in paragraphs 4 and 5 of Article 2497-*bis* of the Italian Civil Code, please find attached a summary of the key data of the latest approved financial statements of the company that manages and coordinates Eurovita:

Eurovita Holding S.p.A.

(amounts in Euros)

INCOME STATEMENT	STATEMENTS AT 31.12.2019		STATEMENTS AT 31.12.2018	
Description	**Interim**	**Total**	**Interim**	**Total**
PRODUCTION VALUE				
Revenues from sales of goods and services	0		0	
Other revenues	1.474.337		2.408.778	
TOTAL PRODUCTION VALUE		**1.474.337**		**2.408.778**
PRODUCTION COSTS				
Services		2.411.195		1.393.173
Leased assets		0		27.623
Personnel		2.358.976		1.743.439
Depreciation and amortization		19.761		49.248
Provisions for risks		0		0
Other operating charges		1.500.890		2.656.977
TOTAL PRODUCTION COSTS		**6.290.822**		**5.870.460**
FINANCIAL INCOME AND CHARGES				
Income from investments		1.300.000		100.948.793
Other financial income		127		284
Interest and other financial charges		-1.822		-112
TOTAL FINANCIAL INCOME AND CHARGES		**1.298.305**		**100.948.965**
VALUE ADJUSTMENTS TO FIN.ASSETS AND LIABILITIES				
Write-ups	23.630.614		7.484.697	
Write-downs	-1.300.000		-100.948.793	
TOTAL VALUE ADJUSTMENTS TO FIN.ASSETS AND LIABILITIES		**22.330.614**		**-93.464.096**
Profit (loss) before income taxation (+A-B+C+D)		18.812.434		4.023.187
Taxes for the year		1.044.880		207.031
+ PROFIT / - LOSS FOR THE YEAR		**19.857.314**		**4.230.218**
EQUITY INVESTMENTS		408.729.244		326.608.757
CAPITAL ABD RESERVES		281.752.001		231.594.687
NUMBER OF EMPLOYEES		9		10

5.H Annexes and additional tables

Eurovita S.p.A.

LIST OF ANNEXES
Balance sheet by classes
Income statement by classes
Breakdown of equity investments
Breakdown of tangible and intangible assets
Amounts ceded to reinsurers from insurance provisions
Breakdown of financial assets
Assets and liabilities related to policies where the investment risk is borne by policyholders and to pension funds
Insurance provisions
Financial liabilities
Technical insurance classes
Income and expenses from investments, receivables and payables
Acquisition and administration costs of insurance business
Details on other comprehensive income
Details on financial assets reclassified and its effect on profit or loss account and comprehensive income
Assets and liabilities measured at fair value on recurring and non-recurring basis: fair value hierarchy
Details of the variation of assets and liabilities measured at fair value on a recurring basis classified in Level 3
Assets and liabilities not measured at fair value: fair value hierarchy
Interests in unconsolidated structured entities

BALANCE SHEET BY CLASSES

(Amounts in Euro)

		Non-Life		Life		Total	
		31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19
1	**INTANGIBLE ASSETS**	**0**	**0**	**81.031.573**	**92.792.083**	**81.031.573**	**92.792.083**
2	**TANGIBLE ASSETS**	**0**	**0**	**19.103.144**	**20.357.810**	**19.103.144**	**20.357.810**
3	**AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS**	**0**	**0**	**357.934.694**	**770.748.399**	**357.934.694**	**770.748.399**
4	**INVESTMENTS**	**0**	**0**	**17.738.440.825**	**17.828.702.860**	**17.738.440.825**	**17.828.702.860**
4.1	Land and buildings (investment properties)	0	0	0	0	0	0
4.2	Investments in subsidiaries, associated companies and joint ventures	0	0	28.842.158	28.842.158	28.842.158	28.842.158
4.3	Held to maturity investments	0	0	0	0	0	0
4.4	Loans and receivables	0	0	588.822.567	732.586.434	588.822.567	732.586.434
4.5	Available for sale financial assets	0	0	10.317.040.756	10.193.224.998	10.317.040.756	10.193.224.998
4.6	Financial assets at fair value through profit or loss	0	0	6.803.735.343	6.874.049.270	6.803.735.343	6.874.049.270
5	**RECEIVABLES**	**0**	**0**	**100.759.378**	**105.888.818**	**100.759.378**	**105.888.818**
6	**OTHER ASSETS**	**0**	**0**	**414.587.846**	**441.559.409**	**414.587.846**	**441.559.409**
6.1	Deferred acquisition costs	0	0	37.186.852	41.658.683	37.186.852	41.658.683
6.2	Other assets	0	0	377.400.994	399.900.726	377.400.994	399.900.726
7	**CASH AND CASH EQUIVALENTS**	**0**	**0**	**21.139.520**	**54.743.626**	**21.139.520**	**54.743.626**
TOTAL ASSETS		**0**	**0**	**18.732.996.981**	**19.314.793.005**	**18.732.996.981**	**19.314.793.005**
1	**SHAREHOLDERS' EQUITY**	**0**	**0**	**497.402.981**	**568.345.573**	**497.402.981**	**568.345.573**
2	**OTHER PROVISIONS**	**0**	**0**	**23.499.131**	**19.236.173**	**23.499.131**	**19.236.173**
3	**INSURANCE PROVISIONS**	**0**	**0**	**11.281.770.546**	**10.872.802.812**	**11.281.770.546**	**10.872.802.812**
4	**FINANCIAL LIABILITIES**	**0**	**0**	**6.644.128.923**	**7.544.073.519**	**6.644.128.923**	**7.544.073.519**
4.1	Financial liabilities measured at fair value through profit or loss	0	0	6.270.248.292	6.808.155.866	6.270.248.292	6.808.155.866
4.2	Other financial liabilities	0	0	373.880.631	735.917.653	373.880.631	735.917.653
5	**PAYABLES**	**0**	**0**	**154.536.648**	**152.803.690**	**154.536.648**	**152.803.690**
6	**OTHER LIABILITY**	**0**	**0**	**131.658.752**	**157.531.239**	**131.658.752**	**157.531.239**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**0**	**0**	**18.732.996.981**	**19.314.793.005**	**18.732.996.981**	**19.314.793.005**

INCOME STATEMENT BY CLASSES

(Amounts in Euro)

		Non-Life		Life		Total	
		31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19
1.1	Net earned premiums	0	0	1.178.192.316	1.974.144.946	1.178.192.316	1.974.144.946
1.1.1	*Gross earned premiums*	0	0	1.192.171.759	2.003.718.893	1.192.171.759	2.003.718.893
1.1.2	*Earned premiums ceded*	0	0	-13.979.443	-29.573.947	-13.979.443	-29.573.947
1.2	Fee and commission income and income from financial service activities	0	0	125.430.155	99.842.690	125.430.155	99.842.690
1.3	Net income from financial instruments at fair value through profit or loss	0	0	9.854.401	14.117.727	9.854.401	14.117.727
1.4	Income from subsidiaries, associated companies and joint ventures	0	0	0	0	0	0
1.5	Income from other financial instruments and land and buildings (investment properties)	0	0	276.295.282	260.435.180	276.295.282	260.435.180
1.6	Other income	0	0	32.077.190	63.557.309	32.077.190	63.557.309
1	**TOTAL INCOME**	**0**	**0**	**1.621.849.343**	**2.412.097.853**	**1.621.849.343**	**2.412.097.853**
2.1	Net insurance benefits and claims	0	0	1.282.660.641	2.065.243.534	1.282.660.641	2.065.243.534
2.1.1	*Claims paid and change in insurance provisions*	0	0	1.304.468.144	2.110.438.761	1.304.468.144	2.110.438.761
2.1.2	*Reinsurers' share*	0	0	-21.807.503	-45.195.227	-21.807.503	-45.195.227
2.2	Fee and commission expenses and expenses from financial service activities	0	0	90.288.817	99.989.652	90.288.817	99.989.652
2.3	Expenses from subsidiaries, associated companies and joint ventures	0	0	0	0	0	0
2.4	Expenses from other financial instruments and land and buildings (investment properties)	0	0	65.569.010	52.362.905	65.569.010	52.362.905
2.5	Acquisition and administration costs	0	0	87.925.419	72.642.639	87.925.419	72.642.639
2.6	Other expenses	0	0	82.038.729	75.609.756	82.038.729	75.609.756
2	**TOTAL EXPENSES**	**0**	**0**	**1.608.482.615**	**2.365.848.486**	**1.608.482.615**	**2.365.848.486**
	EARNINGS BEFORE TAXES	**0**	**0**	**13.366.728**	**46.249.367**	**13.366.728**	**46.249.367**

BREAKDOWN OF EQUITY INVESTMENTS

Company name	Country	Assets (1)	Type (2)	% Direct shareholding	% Total interest (3)	% Available votes in General Meeting (4)	Management (5)	Book value
PRAMERICA LIFE SPA	IT	1	A	100	100		V	28.842.158
PRAMERICA MARKETING SRL	IT	11	A	0	100		V	516.253

(1) 1=Italian ins. cos.; 2=EU ins. cos.; 3=Third country ins. cos.; 4=insurance holding cos.; 4.1 Enterprises with mixed financial investments; 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) subsidiaries (IFRS 10); b=affiliated cos. (IAS28); c=joint ventures (IFRS11); indicate with asterisk (*) companies classified as held for sale in compliance with IFRS 5 and show legend below the table
(3) This is the product of shareholdings relationships pertaining to all the companies that, placed along the shareholding chain, may be interposed between the company that draws up the consolidated financial statements and the company in question. If the latter is directly owned by several subsidiaries, the individual products should be added up.
(4) Total availability in percentage of votes in the annual general meeting of shareholders if different from the direct or indirect shareholding.
(5) Indicate:
D for investments assigned to Non-Life business
V for investments assigned to Life business

BREAKDOWN OF TANGIBLE AND INTANGIBLE ASSETS

(Amounts in Euro)

	At cost	At restated value or fair value	Total book value
Land and buildings (investment properties)	-	-	-
Land and buildings (self used)	-	18.635.722	18.635.722
Other tangible assets	467.422	-	467.422
Other intangible assets	58.981.275	-	58.981.275

AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS

(Amounts in Euro)

	Direct business		Indirect business		Total book value	
	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19
Non-life amounts ceded to reinsurers from insurance provisions	-	-	-	-	-	-
Provisions for unearned premiums					-	-
Provisions for outstanding claims					-	-
Other insurance provisions					-	-
Life amounts ceded to reinsurers from insurance provisions	352.032.945	761.921.410	5.901.749	8.826.989	357.934.694	770.748.399
Mathematical provisions	136.038.483	132.746.287	1.406.544	1.223.890	137.445.027	133.970.176
Provisions for outstanding claims	215.755.658	628.927.490	4.495.205	7.603.099	220.250.863	636.530.589
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	-	-	-	-	-	-
Other insurance provisions	238.804	247.633	-	-	238.804	247.633
Total Amounts ceded to reinsurers from insurance provisions	352.032.945	761.921.410	5.901.749	8.826.989	357.934.694	770.748.399

BREAKDOWN OF FINANCIAL ASSETS

(Amounts in Euro)

	Investments held to maturity		Loans and receivables		Available for sale financial assets		Financial assets at fair value through profit or loss: Financial assets held for trading		Financial assets at fair value through profit or loss: Financial assets designated at fair value through profit or loss		Total book value	
	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19
Equities at cost	0	0	0	0	0	0	0	0	0	0	0	0
Equities at fair value	0	0	0	0	21.368.069	21.001.167	0	0	9.629.059	3.000.000	30.997.128	24.001.167
of which quoted equities	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*9.629.059*	*0*	*9.629.059*	*0*
Bonds	0	0	494.622.001	626.617.820	8.934.788.591	8.853.794.554	7.946.829	9.908.136	81.945.684	85.729.029	9.519.303.105	9.576.049.538
of which quoted bonds	*0*	*0*	*28.891.948*	*52.713.323*	*8.894.819.471*	*8.816.519.554*	*2.935.353*	*4.856.444*	*81.945.684*	*85.729.029*	*9.008.592.456*	*8.959.818.350*
Investment fund units	0	0	0	0	1.360.884.097	1.318.429.277	0	0	6.634.939.888	6.701.666.216	7.995.823.986	8.020.095.493
Deposits under reinsurance business accepted	0	0	72.698.012	74.521.466	0	0	0	0	0	0	72.698.012	74.521.466
Financial asset components of insurance contracts	0	0	0	0	0	0	0	0	19.013.454	35.674.881	19.013.454	35.674.881
Other loans and receivables	0	0	21.502.554	31.447.148	0	0	0	0	0	0	21.502.554	31.447.148
Derivatives	0	0	0	0	0	0	8.073.200	5.559.050	0	0	8.073.200	5.559.050
Hedging derivatives	0	0	0	0	0	0	42.187.228	32.511.959	0	0	42.187.228	32.511.959
Other financial investments	0	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**588.822.567**	**732.586.434**	**10.317.040.757**	**10.193.224.998**	**58.207.257**	**47.979.145**	**6.745.528.086**	**6.826.070.125**	**17.709.598.667**	**17.799.860.701**

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

(Amounts in Euro)

	Benefits linked to investment funds and market indexes		Benefits linked to the management of pension funds		Total	
	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19
Total Assets	**6.787.715.314**	**6.858.582.084**	**-**	**-**	**6.787.715.314**	**6.858.582.084**
Financial liabilities	6.131.930.299	6.704.697.999	-	-	6.131.930.299	6.704.697.999
Insurance provisions recognized	615.966.203	125.271.274	-	-	615.966.203	125.271.274
Total Liabilities	**6.747.896.502**	**6.829.969.274**	**-**	**-**	**6.747.896.502**	**6.829.969.274**

INSURANCE PROVISIONS

(Amounts in Euro)

	Direct business		Indirect business		Total book value	
	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19
Non-Life insurance provisions	**-**	**-**	**-**	**-**	**-**	**-**
Provisions for unearned premiums					-	-
Provisions for outstanding claims					-	-
Other insurance provisions					-	-
of which provisions for liability adequacy test					-	-
Life insurance provisions	**11.207.349.736**	**10.796.801.863**	**74.420.810**	**76.000.948**	**11.281.770.546**	**10.872.802.812**
Provisions for outstanding claims	315.774.996	290.855.536	1.722.799	1.479.484	317.497.795	292.335.020
Mathematical provisions	8.847.044.571	9.489.977.512	72.698.011	74.521.464	8.919.742.581	9.564.498.977
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	615.966.203	125.271.274	-	-	615.966.203	125.271.274
Other insurance provisions	1.428.563.967	890.697.541	-	-	1.428.563.967	890.697.541
of which provisions for liability adequacy test			-	-	-	-
of which deferred policyholder liabilities	*1.309.795.935*	*720.624.133*	-	-	*1.309.795.935*	*720.624.133*
Total Insurance Provisions	**11.207.349.736**	**10.796.801.863**	**74.420.810**	**76.000.948**	**11.281.770.546**	**10.872.802.812**

FINANCIAL LIABILITIES

(Amounts in Euro)

	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					
	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19
Preference shares	-	-	-	-	-	-	-	-
Subordinated liabilities	-	-		-	158.779.265	110.338.233	158.779.265	110.338.233
Financial liabilities related to investment contracts issued by insurance companies	-	-	6.176.134.709	6.740.140.856	-	-	6.176.134.709	6.740.140.856
when the investment risk is borne by policyholders	-	-	6.176.134.709	6.740.140.856	-	-	6.176.134.709	6.740.140.856
pension funds	-	-	-	-	-	-	-	-
other liabilities related to investment contracts	-	-	-	-	-	-	-	-
Deposits received from reinsurers	-	-	-	-	215.101.366	625.059.420	215.101.366	625.059.420
Deposit components of insurance contracts	-	-	-	-	-	-	-	-
Bonds	-	-	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
Hedging derivatives	94.113.582	68.015.010	-	-	-	-	94.113.582	68.015.010
Other financial liabilities	-	-	-	-	-	520.000	-	520.000
Total	**94.113.582**	**68.015.010**	**6.176.134.709**	**6.740.140.856**	**373.880.631**	**735.917.653**	**6.644.128.923**	**7.544.073.519**

TECHNICAL INSURANCE ITEMS

(Amounts in Euro)

	31/12/20			31/12/19		
	Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount
Non-life business						
NET EARNED PREMIUMS	0	0	0	0	0	0
a Premiums written			0			0
b Change in the provisions for unearned premiums			0			0
NET INSURANCE BENEFITS AND CLAIMS	0	0	0	0	0	0
a Claims paid			0			0
b Change in the provisions for outstanding claims			0			0
c Change in claims to be recovered			0			0
d Change in other insurance provisions			0			0
Life business						
NET EARNED PREMIUMS	1.192.171.759	13.979.443	1.178.192.316	2.003.718.893	29.573.947	1.974.144.946
NET INSURANCE BENEFITS AND CLAIMS	1.304.468.144	21.807.503	1.282.660.641	2.110.438.761	45.195.227	2.065.243.534
a Claims paid	1.879.790.785	434.621.208	1.445.169.578	1.536.555.864	502.036.016	1.034.519.847
b Change in the provisions for outstanding claims	24.579.235	3.474.851	21.104.384	53.946.915	28.330.296	25.616.620
c Change in the mathematical provisions	-645.005.483	-416.279.726	-228.725.758	511.904.617	-485.160.322	997.064.939
d Change in the provisions for policies where the investment risk is borne by the policyholders and in the provisions for pension funds	120.965.357		120.965.357	32.307.422		32.307.422
e Change in other insurance provisions	-75.861.750	-8.830	-75.852.920	-24.276.057	-10.763	-24.265.294

INCOME AND EXPENSES FROM INVESTMENTS, RECEIVABLES AND PAYABLES

(Amounts in Euro)

							Unrealized gains and reversal of impairment losses		Unrealized losses and impairment losses				
	Interests	Other income	Other expenses	Realized gains	Realized losses	Total realized gains and losses	Unrealized gains	Reversal of impairment losses	Unrealized losses	Impair-ment losses	Total unrealized gains and losses	Total income and expenses December 2020	Total income and expenses December 2019
Income and expenses from investments							**450.614.616**	**0**	**328.431.604**	**0**			
a from land and buildings (investment properties)	0	0	0	0	0	0	0	0	0	0	0	0	0
b from investments in subsidiaries, associated companies and joint ventures	795.344	0	0	0	0	795.344	0	0	0	0	0	795.344	0
c from held to maturity investments	0	0	0	0	0	0	0	0	0	0	0	0	0
d from loans and receivables	19.960.917	0	0	0	0	19.960.917	0	0	0	0	0	19.960.917	14.595.012
e from available for sale financial assets	156.044.956	25.338.385	0	74.155.680	37.181.504	218.357.517	0	0	6.545.816	0	-6.545.816	211.811.702	227.906.276
f from financial assets held for trading	221.756	0	0	474.330	65.700	630.386	2.763.850	0	136.116	0	2.627.734	3.258.120	-475.323
g from financial assets designated as at fair value through profit or loss	2.071.837	6.849.735	15.963.004	68.808.933	181.272.314	-119.504.813	447.850.766	0	321.749.672	0	126.101.094	6.596.281	14.593.050
Income and expenses from receivables	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Income and expenses from cash and cash equivalents	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Income and expenses from financial liabilities	**0**	**0**	**0**	**0**	**0**	**-21.841.691**	**0**	**0**	**0**	**0**	**0**	**-21.841.691**	**-34.429.012**
a from financial liabilities held for trading	0	0	0	0	0	0	0	0	0	0	0	0	0
b from financial liabilities designated as at fair value through profit or loss	0	0	0	0	0	0	0	0	0	0	0	0	0
c from other financial liabilities	-21.841.691	0	0	0	0	-21.841.691	0	0	0	0	0	-21.841.691	-34.429.012
Income and expenses from payables	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	**157.253.119**	**32.188.121**	**15.963.004**	**143.438.943**	**218.519.518**	**98.397.661**	**450.614.616**	**0**	**328.431.604**	**0**	**122.183.012**	**220.580.673**	**222.190.002**

ACQUISITION AND ADMINISTRATION COSTS OF INSURANCE BUSINESS

(Amounts in Euro)

	Non-Life business		Life business	
	31/12/20	31/12/19	31/12/20	31/12/19
Commissions and other acquisition costs	0	0	51.424.319	45.275.601
a Acquisition and administration commissions	0	0	12.264.359	27.078.804
b Other acquisition costs	0	0	32.553.978	20.508.070
c Change in deferred acquisition costs	0	0	4.471.831	-6.021.326
d Collecting commissions	0	0	2.134.151	3.710.053
Commissions and profit commissions from reinsurers	0	0	-1.499.861	-6.892.134
Commissions and other acquisition costs net of commissions and profit commissions from reinsurers	0	0	12.841.912	11.959.978
Other administration costs		0	25.159.050	22.299.194
Total	**0**	**0**	**87.925.419**	**72.642.639**

DETAILS ON OTHER COMPREHENSIVE INCOME

	Allocation		Transfer to profit and loss account		Other transfer		Total variation		Taxes		Amount	
	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19
Items that may not be reclassified to profit and loss in future periord	30.089	**-55.629**	**0**	**0**	**0**	**0**	**30.089**	**-55.629**	**22.870**	**36.275**	**-51.336**	**-81.424**
Revenue reserve from valuation of equity								0				
Reserve for revaluation model on intangible assets								0				
Reserve for revaluation model on tangible assets								0				
Result of discontinued operation								0				
Actuarial gains or losses arising from defined benefit plans	30.089	-55.629					30.089	-55.629	22.870	36.275	-51.336	-81.424
OtherS								0				
Items that may be reclassified to profit and loss in future periord	**-728.302**	**146.002.914**	**-81.451.614**	**-15.454.375**	**0**	**0**	**-82.179.916**	**130.548.539**	**-15.000.502**	**-51.612.023**	**33.670.823**	**115.850.738**
Reserve for currency transition differences								0				
Net unrealized gains and losses on investments available for sale	4.066.596	157.999.092	-73.622.384	-15.454.375			-69.555.788	142.544.717	-14.907.212	-55.633.863	33.461.420	124.878.348
Net unrealized gains and losses on hedging derivatives	-4.794.898	-11.996.178	-7.829.230				-12.624.128	-11.996.178	-93.290	4.021.841	209.403	-9.027.610
Net unrealized gains and losses on hedge of a net investment in foreign operations								0				
Shares of other comprehensive income of associates								0				
Result of discontinued operation								0				
OtherS								0				
TOTAL OTHER COMPREHENSIVE INCOME	**-698.213**	**145.947.285**	**-81.451.614**	**-15.454.375**	**0**	**0**	**-82.149.827**	**130.492.911**	**-14.977.632**	**-51.575.748**	**33.619.487**	**115.769.313**

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 31/12/2020		Fair value as at 31/12/2020		Financial assets reclassified in 2020		Financial assets reclassified until 2020		Financial assets reclassified in 2020		Financial assets reclassified until 2020	
from	to			Financial assets reclassified in 2020	Financial assets reclassified until 2020	Financial assets reclassified in 2020	Financial assets reclassified until 2020	Fair value gains or losses through profit or loss	Fair value gains or losses through equity	Fair value gains or losses through profit or loss	Fair value gains or losses through equity	Fair value gains or losses that would be recognized through profit or loss without reclassifica-tion	Fair value gains or losses that would be recognized through equity without reclassifica-tion	Fair value gains or losses that would be recognized through profit or loss without reclassifica-tion	Fair value gains or losses that would be recognized through equity without reclassifica-tion
Total															

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

(Amounts in Euro)

		Level 1		Level 2		Level 3		Total	
		31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19
Financial assets and liabilities at fair value on a recurring basis									
Available for sale financial assets		9.251.858.222	9.465.998.285	250.564.810	100.616.293	814.617.725	626.610.419	10.317.040.757	10.193.224.998
Financial assets at fair value through profit or loss	Financial assets held for trading	0	0	58.207.257	47.979.145	0	0	58.207.257	47.979.145
	Financial assets designated at fair value through profit or loss	6.745.528.086	6.823.070.125	0	0	0	3.000.000	6.745.528.086	6.826.070.125
Investment properties		0	0	0	0	0	0	0	0
Tangible assets		0	0	0	0	0	0	0	0
Intangible assets						58.446.616	91.425.519	58.446.616	91.425.519
Total financial assets at fair value on a recurring basis		15.997.386.308	16.289.068.411	308.772.067	148.595.438	873.064.342	721.035.939	17.179.222.717	17.158.699.788
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading	0	0	-94.113.582	-68.015.010	0	0	-94.113.582	-68.015.010
	Financial liabilities designated at fair value through profit or loss	-6.176.134.709	-6.740.140.856	0	0	0	0	-6.176.134.709	-6.740.140.856
Total financial liabilities at fair value on a recurring basis		-6.176.134.709	-6.740.140.856	-94.113.582	-68.015.010	0	0	-6.270.248.292	-6.808.155.866
Financial assets and liabilities at fair value on a non-recurring basis									
Non-current assets or of discontinued operations		0	0	0	0	0	0	0	0
Non-current liabilities or of discontinued operations									

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

(Amounts in Euro)

	Financial assets			Investment properties	Tangible assets	Intangible assets	Financial liabilities at fair value through profit or loss	
	Available for sale financial assets	Financial assets at fair value through profit or loss					Financial liabilities held for trading	Financial liabilities designated at fair value through profit or loss
		Financial assets held for trading	Financial assets designated at fair value through profit or loss					
Opening balance	626.610.419		3.000.000			91.425.519		
Purchases and issues	244.221.006		-3.000.000					
Disposals through sales and settlements	-82.545.475		0					
Pay-backs	0		0					
Net gains and losses recognized in P&L	-8.953.691		0					
- *of which net unrealised gains and losses*	-6.545.816		0					
Net unrealised gains and losses recognized in OCI	0		0					
Net transfers to Level 3	44.124.138		0					
Net transfers out of Level 3	0		0					
Other changes	-8.838.672		0			-32.978.903		
Closing balance	814.617.725		0			58.446.616		

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

(Amounts in Euro)

	Book value		Fair value							
			Level 1		Level 2		Level 3		Total	
	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19	31/12/20	31/12/19
Assets										
Held to maturity investments										
Loans and receivables	588.822.567	732.586.434	11.012.791	29.248.005	494.971.253	608.731.858	82.838.523	94.606.571	588.822.567	732.586.434
Investments in subsidiaries, associated companies and joint ventures	28.842.158	28.842.158					28.842.158	28.842.158	28.842.158	28.842.158
Land and buildings (investment properties)	0									
Tangible assets	19.103.144	20.357.810					19.103.144	20.357.810	19.103.144	20.357.810
Total asset	**636.767.869**	**781.786.402**	**11.012.791**	**29.248.005**	**494.971.253**	**608.731.858**	**130.783.826**	**143.806.539**	**636.767.869**	**781.786.402**
Liabilities										
Other liabilities	-373.880.631	-735.917.653					-373.880.631	-735.917.653	-373.880.631	-735.917.653

INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

Name of structured entity	Revenues earned by structured entity during the period	Book value (at the transfer date) of assets transferred to the structured entity in the period	Book value of assets recognized in own financial statements and relating to the structured entity	Corresponding item in Balance Sheet assets	Book value of liabilities recognized in own financial statements and relating to the structured entity	Corresponding item in Balance Sheet liabilities	Maximum exposure to loss risk

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