Annual financial statements
2021

Eurovita S.p.A.

Eurovita S.p.A.

Registered office and headquarters:

20141 Milan, Italy

Via Pampuri 13

Share capital €90,498,908 fully paid up

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

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

TABLE OF CONTENTS

Corporate Bodies

BOARD OF DIRECTORS	
Chairman	Mario CUCCIA
Chief Executive Officer	Erik STATTIN
Directors	Heinz-Peter ROSS Caspar BERENDSEN Eugenio PREVE Andrea BERTOLINI

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 S.p.A.

Report on Operations

Dear Shareholders,

The financial statements of Eurovita S.p.A. for the year ended 31 December 2021, which we submit for your approval, show a net profit of €36.3 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 able to ensure the continuity of values with the consolidated financial statements, thus reflecting their impacts also in the individual 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 purchase price allocation (PPA).

The foregoing produced significant impacts such as the amortisation of the merged companies' VIF (a gain of approximately €26.9 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 (€15.3 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., which during the current year was merged by incorporation into Eurovita S.p.A. on 31 March 2021, with accounting and tax effects backdated to 1 January 2021.

For ease of reading of this document and to improve comparability with the previous year, where necessary information relating to the former subsidiary Pramerica Life S.p.A. (P) has also been included in the table, together with that of Eurovita S.p.A. (E). If the information relating to the merged company Pramerica Life S.p.A. (P) was available, the changes in the period were calculated on a *pro-forma* basis, aggregating the balances at 31 December 2020 of the incorporating company with those of the incorporated company.

The most significant data emerging at the end of 2021 are shown in the following table, compared with 2020:

Amounts in Euro million

	31 december 2021	31 december 2020 (E)	31 december 2020 (P)	change	ch. %
Gross earned premiums	1.023,8	1.192,2	138,0	-306,4	-0,2
Acquisition costs and admin. exp.	82,0	75,1	22,7	-15,7	-0,2
Impact on acquision costs	8,0%	6,3%	16,4%		
Net insurance benefits and claims	1.156,1	1.282,7	128,7	-255,3	-0,2
Gross earned premiums pertaining to the Life segment	1.023,6	1.192,2	137,2	-305,8	-0,2
Acquisition costs and admin. exp. - Life	81,9	75,1	22,4	-15,6	-0,2
Impact on premiums	8,0%	6,3%	16,3%		
Change in net provisions - Life	1.156,1	1.282,7	494,8	-621,3	-0,3
Gross earned premiums pertaining to the Non-Life segment	0,20	0,00	0,82	-0,62	-0,76
Acquisition costs and admin. exp. - Non-Life	0,1	0,0	0,3	-0,1	-0,5
Impact on premiums	63,8%	0,0%	31,2%		
Change in net provisions - Non-Life	0	0	0	0	0
Total financial income	356	286	22	48	0
Total financial charges	60	66	1 -	6 -	0
Investments	18.779	17.738	1.708 -	667 -	0
Capital and reserves of the Group (net Profit of the Year)	569	486	86 -	3 -	0
Net profit for the Group	36	11	3		
Number of share	90.498.908	90.498.908	12.500.000		
Profit per share	0	0	0		
Number of employees	279	228	43		
Avarege number of employees	252	229	62		

1. Overview of the economic situation

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

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

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

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

The renewed surge in infections and consequent deterioration in sentiment mainly affected expenditure on services. Businesses expect investment to decelerate this year, according to surveys conducted in November and December.
Italian exports continued to grow in the third quarter, supported by the recovery in international tourism. The current account surplus remained high, despite the deterioration of the energy balance, while the net foreign assets position increased.

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

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

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

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

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

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

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

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

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

2. Situation of the Italian Life Insurance Market

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

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

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

Class III as a proportion of new premium income increased to 39% from 29% in 2020. The volume of Class V new premium income decreased by 37.4% in 2021 compared with 2020, to €1.0 billion, due to both individual and collective policies. New business relating to the management of pension funds (Class VI) amounted to €879 million (including €722 million in collective policies), 66.5% less than in 2020 (due in large part to the acquisition of a major fund by a company at the end of the first half of the year).

With regard to the activities of Italian and non-EU companies, 61% of new life business by distribution channel was brokered through bank and post office branches, with a premium volume of €53.6 billion and a decrease of 1.7% compared with 2020, concentrated in the first half of the year. Meanwhile, premium income from new policies through the qualified financial advisers channel was positive. Premiums increased by 38.9% year on year, to €15.8 billion, while market share was 18% of total new business (13% in 2020).

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

Adding subsequent annual payments relating to policies taken out in previous years to the new business premiums of individual and collective policies, it is estimated that total life premiums (gross amounts) should exceed €106 billion in 2021, up 5% compared with 2020.

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

Annual new business by distribution channel

Italian and non-EU companies (millions of euro)

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

N.B.: Percentage changes are calculated with reference to figures in Euro thousand.
(*) This figure includes premiums earned in Italy by a sample group

Breakdown of premiums by type and distribution channel

(individual and collective)		BREAKDOWN					
TYPE OF PREMIUMS	No. of policies / adhesions	Bank and post office branches	Agents	Directly operated agencies	Qualified Financial Advisers	Other forms (including Brokers)	Total
Annual	19,8%	0,3%	2,2%	0,8%	0,1%	0,9%	0,5%
Single	58,4%	96,0%	87,3%	86,9%	98,0%	94,1%	94,9%
Recurring	21,8%	3,7%	10,5%	12,3%	1,9%	5,0%	4,6%
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**

(Source: ANIA – Trends - February 2022)

3. The Company's Performance

The financial statements of Eurovita S.p.A. at 31 December 2021 show a net profit of €36.3 million, compared with a profit of €11.2 million at the end of 2020.

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

- premium income relating to products classified as insurance contracts or as investment contracts with profit-sharing was €1,023.8 million, compared with €1,192.2 million in 2020 (€1,330.2 million including the former Pramerica Life portfolio);
- the premium income on financial products, classified under IAS 39 in accordance with IAS/IFRS, was €650.8 million, compared with €462.7 million in 2020, an increase of more than €188.1 million;
- new business, amounting to €1,481.4 million, decreased by 6.0% compared with the previous financial year (including the former Pramerica Life portfolio), due to a decrease in single premiums, which amounted to €6.3 million, and a decrease in annual premiums, which amounted to €4.0 million;
- in 2021, indirect business, concentrated in run-off treaties with Spanish and Belgian companies of the ERGO group, resulted in premium income of €4.0 million, compared with €4.6 million in the previous financial year, i.e. a decrease of 13%;
- premiums ceded increased due to the incorporated portfolio of the former subsidiary, Pramerica Life S.p.A., net of decreases for the subsequent annual premiums ceded in treaties, relating to pre-2001 business originating from the former Ergo Previdenza network. Premiums ceded amounted to €14.7 million, compared with €14.0 million in the previous year (€14.8 million, including the former Pramerica Life portfolio);
- investment income, net of relevant expenses (excluding interest expense on reinsurers' deposits) came in at €296.1 million, compared with a result of €220.6 million recorded in 2020 (€241.9 million including the former Pramerica Life portfolio). It should be recalled that the volatility of the investment portfolio caused by the adoption of 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. Returns on segregated funds, used to revalue the mathematical provisions of the relevant combined products, are solely measured by taking into account realised capital gains or losses, and consequently are not directly affected by the performance of market rates but by the return realised by the underlying assets. The Company is, however, aware of the uncertain nature of the net unrealised capital gains in its investment portfolio and monitors the performance of the financial markets. The Company believes that the intrinsic volatility in the measurement of assets at fair value does not currently require it to conduct any other market and hedging operations as further specified below.

Gross technical provisions, also considering the recognition of provisions calculated using the shadow accounting method, decreased from €12,914 million (including the former Pramerica Life portfolio) to €12,102 million. This decrease is mainly attributable to the reduction in the shadow accounting provision due to the lower unrealised net capital gains recorded on the segregated funds of €722.7 million and the reduction in the mathematical provision due to negative net premiums of €99.3 million and is only partially offset by the €59.0 million allocated for the period to the LAT provision. The LAT test revealed a shortfall of €60.3 million, compared with the shortfall of €1.3 million recorded in 2020. It should also be noted that, due to the merger carried out in 2017, the technical provisions include a negative Value in Force of €78.4 million; this relates to the former Eurovita Assicurazioni. This value was amortised during the year in line with the underlying portfolio maturity.

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

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

The Company incurred costs of €1.4 million related to personnel expenses charged back by Eurovita Holding S.p.A.; it also charged back a total of €1.1 million to other Group companies, of which €0.7 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 €15.0 million, down from the €25.3 million recorded in 2020 (-40.7%), in line with the decrease in business. Acquisition costs received from reinsurers amounted to €2.1 million (€1.5 million at 31 December 2020). Maintenance fees for the Class I and III portfolio of €124.2 million were up on the previous year (€110.5 million at 31 December 2020), in line with the increase in assets under management.

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

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

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 amount of eligible own funds to cover the above requirements classified by tier, is shown below:

Own funds available and eligible to cover the SCR (data in thousands of euro)

	Own funds available	Eligibility adjustments	Own funds eligible
Tier 1 unrestricted	469.260	-	469.260
Tier 1 restricted	-	-	-
Tier 2	167.427	-	167.427
Tier 3	6.592	-	6.592
Total OF	643.279	-	643.279

Total SCR	471.496

Surplus (shortage)	171.783

Own funds available and eligible to cover the MCR (data in thousands of euro)

	Own funds available	Eligibility adjustments	Own funds eligible
Tier 1 unrestricted	469.260	-	469.260
Tier 1 restricted	-	-	-
Tier 2	167.427	124.992	42.435
Tier 3	6.592	6.592	-
Total OF	643.279	131.585	511.694

Total MCR	212.173

Surplus (shortage)	299.521

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 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 on Solvency II.

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

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

4. Sales networks

Eurovita S.p.A. does not engage directly in brokerage activities, apart from the after-sale management of a portfolio entrusted to Management following the discontinuation of collaborative relationships with distributors who had previously acted as brokers. For the distribution of its insurance products, the Company made use of third-party distribution networks in 2021, authorised to engage in insurance brokerage activities, after signing distribution agreements with credit institutions, advisory networks, general insurance agencies and brokers.

The Company's sales structure was organised into two divisions at 31 December 2021:

- the financial advisory networks and private banking channel;
- and the banking channel.

Following the decision to suspend placement and management through the agency channel in 2020, the management of the few traditional agencies with an active mandate is divided between the two divisions, as is also the case for brokers.

In 2021, Eurovita continued to implement its strategy of pursuing annual premium income that is balanced in terms of the various solutions available: traditional products, multi-class and unit-linked.

Financial advisory networks and private banking channel

In 2021, the financial advisory networks and private banking channel confirmed its structural presence in the unit-linked segment, whose premium income was in line with pre-established targets.
During the year, the unit-linked offering was also accompanied by multi-class solutions, which are of increasing interest to these distribution channels, and by a complementary Class I offering designed to meet some of the needs of the affluent private customers served by these channels.
Overall, premium income at 31 December 2021 was approximately €905 million, in line with company objectives and with a mix primarily focused on the Class III component.

Support for the partners continued during 2021 through various commercial initiatives and a particular focus on training via webinars and e-learning, delivered by the myAcademy training portal with the help of external training schools, with which pathways dedicated to these distribution partners were developed.

Banking channel

In 2021, insurance brokerage also took place through banking partners, sometimes organised through regional federations or the relevant agencies. In line with the initiatives already undertaken in recent years, in 2021 the Company set itself the objective of strengthening relations with partners that are more consistent with its strategic objectives and capable of growing through a mix of premium income that is balanced between the Class I and Class III components, in accordance with its strategy. With this in mind, commercial initiatives have been implemented to update the product catalogue, with the introduction of new multi-class and unit-linked products, and offering a service model with new digital features, in order to support distributors by providing the information necessary for a more advanced sales activity and improving the efficiency of their processes.

Overall, premium income at 31 December 2021 was approximately €749 million, in line with company objectives, with a mix primarily focused on the Class I component, while multi-class products amounted to €207 million.

Training activities continued, with a focus on technical, regulatory and economic courses following an advisory approach to address customers' needs and insurance requirements, in line with the development of the multi-class and unit-linked offering.
Through the myAcademy training portal, the Company has provided distance training courses and training monitoring tools to support individual distributors through authorised parties.

5. New business

In 2021, new business stood at the following levels (policies in units and premiums in millions of euro):

Amounts in Euro million	2021		2020 (E)		2020 (P)	
Insurance Products / Financial and Insurance products with DPF	individual policies	collective policies	individual policies	collective policies	individual policies	collective policies
Annual premiums	19,6	0,4	57,0	2,1	8,2	-
Single premiums	818,2	0,6	985,5	1,3	67,1	-
	837,8	1,0	1.042,4	3,3	75,3	-
Financial Products	individual policies	collective policies	individual policies	collective policies	individual policies	collective policies
Annual premiums	4,1	-	4,8	-	-	-
Single premiums	638,5	-	449,7	-	-	-
	642,6	-	454,5	-	-	-
Policy number	10.459	3.083	18.341	3.742	2.244	-

A comparison with the results of the previous financial year shows a marked decrease in new business related to insurance products and a better performance by financial products.

Specifically, €47.8 million fewer annual premiums relating to insurance products were written compared with the previous year, while single premiums decreased by €235.1 million. In financial products, meanwhile, new business included an increase in single premiums of €188.8 million.

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

6. Premiums written

Premiums written classed as insurance and investment with DPF, relating to direct business alone, amounted to €1,019.8 million in 2021.

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	2021	2020 (E)	2020 (P)	Change in %
- Northern Italy	649,4	648,0	74,8	-10,2%
- Central Italy	193,9	356,7	41,2	-51,3%
- Southern Italy and major islands	176,4	182,8	21,1	-13,5%
- Foreign countries	0,0	0,0	0,0	
Total	1.019,8	1.187,5	137,1	-23,0%

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	2021	2020 (E)	2020 (P)	Change in %
Direct business				
Annual premiums				
- *new business*	6,2	27,7	5,3	-81,2%
- *business from prior years*	182,5	141,7	64,7	-11,6%
Total annual premiums	**188,7**	**169,4**	**70,0**	**-21,2%**
Total single premiums	831,1	1.018,1	67,1	-23,4%
Total direct business premiums issued	**1.019,8**	**1.187,5**	**137,1**	**-23,0%**
Indirect business	4,0	4,6	-	-13,2%
Total direct and indirect business	**1.023,8**	**1.192,2**	**137,1**	**-23,0%**

New business with annual premiums decreased by 81% in 2021, from a premium volume of €33.0 million in 2020 to €6.2 million in 2021. Meanwhile, the component linked to quittances decreased by 12% on the previous year, from €206.5 million to €182.5 million.

Premium income from single premium products decreased by 23%, from €1,085.2 million in 2020 to €831.1 million in 2021.

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

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

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 the previous year (amounts in millions of euro):

Amounts in Euro million

	Value at 31/12/2021	Value at 31/12/2020 (E)	Value at 31/12/2020 (P)	Change	Change in %
Claims paid	161,0	163,4	18,1	-20,6	-11,3%
Redemptions paid	669,2	777,7	45,2	-153,7	-18,7%
Maturities liquidated	475,9	938,7	6,5	-469,2	-49,6%
Change in reserves for amounts to be paid	-168,9	24,6	-3,2	-190,3	-888,4%
Total gross	*1.137,2*	*1.904,4*	*66,7*	*-833,8*	*-42,3%*
Claims paid	-3,4	-10,2	-0,1	6,9	-66,7%
Redemptions paid	-5,7	-8,1	0,0	2,4	-29,5%
Maturities liquidated	-94,6	-416,3	0,0	321,8	-77,3%
Change in reserves for amounts to be paid	90,7	-3,5	-0,0	94,3	-2677,2%
Total portion borne by reinsurers	*-13,0*	*-438,1*	*-0,2*	*425,3*	*-97,0%*
Total including reinsurance	1.124,2	1.466,3	66,5	-408,5	-26,7%

As shown in the table, compared with the previous year, settlement expenses, gross of the reinsurance effect, show a marked decrease in redemptions and maturities compared with a slight decrease in claims paid.

The previous year had been marked by significant volumes of maturities linked to the former Ergo Previdenza portfolio of €727 million, compared with a volume of maturities of €165 million in the current year. The €560 million change was partially offset by the increase in maturities of the former Eurovita Assicurazioni portfolio of €70 million.

Redemptions were down by €154 million, or 19%, although the total amount of redemptions during the year, whether be classified as insurance or investment, was 7% lower than in the previous year, due to a lower contribution from the Liquidity Bonus initiative, equal to a nominal value of €81 million (€64 million in the current year compared with €145 million in the previous year) and higher redemptions on investment products of €37 million.

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

Gross technical provisions at 31 December 2021, including amounts not yet paid, totalled €12,101.7 million, a decrease compared with provisions of €12,913.7 million (including the former Pramerica Life) at the end of 2020. This €812.0 million decrease compared with the previous year is mainly attributable to the reduction in the shadow accounting provision due to the lower unrealised net capital gains recorded on the segregated funds of €722.7 million and the reduction in the mathematical provision due to negative net premiums of €99.3 million and is only partially offset by the €59.0 million allocated for the period to the LAT provision.

The shadow accounting provision amounted to €924.1 million, compared with €1,646.8 million in the previous year, while the Value in Force was €78.7 million and reflects the expiry of the portfolio of the former EVA (€118.8 million in 2020).

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

Other technical provisions, amounting to €246.8 million (€357.2 million in 2020) include provisions for future operating expenses of €44.4 million and provisions for amounts to be paid of €152.9 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 €60,290 thousand as at 31 December 2021 (€1,280 thousand at 31 December 2020).

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

Amounts in Euro million	31/12/2021 Total	31/12/2019 Total (E)	31/12/2020 Total (P)	Change
Provisions for policies "Fondo EUROVITA 2000"	8,9	10,4	0,0	-1,5
Provisions for policies "Fondo EUROVITA Nuovo Secolo"	2.856,7	2.616,9	0,0	239,9
Provisions for policies "Fondo EUROVITA Nuovo PPB"	398,1	410,8	0,0	-12,7
Provisions for policies "Fondo EUROVITA Euroriv"	3.777,8	3.810,0	0,0	-32,2
Provisions for policies "Fondo EUROVITA Futuriv"	13,0	13,5	0,0	-0,6
Provisions for policies "Fondo EUROVITA Primariv"	1.533,7	1.801,1	0,0	-267,4
Provisions for policies "Fondo EUROVITA Smart"	36,1	38,3	0,0	-2,2
Provisions for policies "Fondo EUROVITA Previdenza"	3,1	2,8	0,0	0,3
Provisions for policies "Fondo EUROVITA Eurvita"	91,4	0,0	95,5	-4,1
Provisions for policies "Fondo EUROVITA Eurfin"	1.152,9	0,0	1.142,8	10,1
Provisions for policies "Fondo EUROVITA Eurprev"	18,4	-	18,1	0,3
Total insurance provisions of segregated funds	9.890,0	8.703,9	1.256,4	-70,2
Provisions for pure risk policies	83,9	73,0	22,0	-11,2
Supplementary provisions	45,6	37,4	3,8	4,5
Technical provisions for indirect business	70,7	74,4	0,0	-3,7
Total pure actuarial reserves	10.090,3	8.888,7	1.282,1	-80,6
Provisions for Unit Linked policies	758,5	616,0	0,0	142,5
Provisions for supplementary policies	3,3	4,0	0,1	-0,8
Other technical provisions	246,8	344,5	12,8	-110,5
Shadow Reserves	924,1	1.309,8	337,0	-722,7
VIF	78,7	118,8	0,0	-40,1
TOTAL INSURANCE PROVISIONS	12.101,7	11.281,8	1.631,9	-812,1

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 €6,344.2 million, compared with €6,176.1 million at 31 December 2020, and represent commitments to policyholders for unit-linked contracts without significant insurance risk. The increase was mainly due to the increase in value of the underlying investments, partially offset by a negative contribution of net cash flows.

9. Transactions with reinsurers

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

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

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

The premiums ceded in the premiums portfolio collected by the former Ergo Previdenza agency network as a percentage of total outward reinsurance still constitute the majority, although they decreased year on year, from 54% of premiums ceded to 49% in 2021. Commercial treaties relating to with-profits policies still make up a high proportion, to which surplus share risk-premium treaties hedging the death risk of term life insurance policies, quota share treaties hedging the death risk of CQS/CQP policies, as well as an LTC guarantee treaty, were added over time. The new company also inherited indirect business from the former Ergo Previdenza, mainly from ERGO Belgium within the Munich Re Group, to which the former Ergo Previdenza belonged, and retroceded business relating to both with-profits contracts and term life insurance contracts.

The portfolio of premiums collected by the financial advisers of the former OMWI network is protected by a risk-premium treaty aimed at hedging the optional death 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 life insurance and PPI policies. The provisions of the ceded business with respect to the provisions of direct business has a weight of 3% on the provisions of with-profit policies, with a rate of 4% on death risk provisions (term life and PPI) and a rate of 47% for LTC risk.

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

There are no alternative risk transfer instruments.

The overall result for 2021 was a loss of €3.8 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

	2021		2020	
	Comm. Reins.	Risk Reins.	Comm. Reins.	Risk Reins.
Premiums Ceded	-11.350,0	-3.358,6	-11.795,6	-2.183,8
Claims	1.952,4	1.476,8	8.892,5	1.211,6
Redemptions	5.731,1	0,0	8.098,8	0,0
Maturities	89.815,6	4.740,4	416.418,3	0,0
Change in reserve	-82.840,0	-5.032,1	-442.182,7	29.369,0
Commissions	722,0	185,5	764,4	172,6
Other technical income and charges	682,2	506,5	119,9	399,7
Technical sub total	*4.713,4*	*-1.481,5*	*-19.684,4*	*28.969,0*
Interest on deposits	-6.976,5	-33,1	-14.205,0	-3,0
Total	-2.263,1	-1.514,6	-33.889,4	28.966,0
GRAND TOTAL	-3.777,6		-4.923,4	

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: it should be noted that the treaty with FIATC no longer involves deposits, only provisions for sums to be paid. 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 €0.1 million from €1.9 million in 2020 to €1.8 million in 2021.

Amounts in Euro thousand

Commercial Outward Reinsurance

Result of indirect business	2021	2020
Premiums borne	4.014,5	4.626,0
Claims	-352,3	-345,8
Redemptions	-1.297,0	-1.350,1
Maturities	-5.922,6	-4.212,6
Change in reserve	3.697,8	1.580,1
Commissions	-77,1	-196,9
Change in DAC	-1,5	0,0
Interest	1.733,3	1.786,9
Other net technical income	0,0	0,0
Total indirect business	1.795,2	1.887,8

10. Research & development and new products

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

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

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

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

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

In relation to the offer restyling activity, multiple objectives were achieved in 2021:
- more timely entry into markets by altering the investment cycle of Cordusio's *"Eurovita Select"* product from weekly to daily, which took place in April;
- improvement of the economic sustainability of certain products through *the review of the offering of the banking distributors of Class I and Multi-class products*, which took place throughout May;
- a more granular redefinition of the premium bands for the products of *CREDEM (Eurovita Equilibrium)*, *Fineco (Eurovita Focus Gestione Private Serie II)* and *Banca Profilo (Eurovita Profilo Multistrategia Gold Series II)*, depending on the introduction of different levels of retention on the underlying segregated fund.

Finally, in 2021, the Company completed its usual review and updating of contractual material relating to placement products, as provided for by the insurance legislation in force, with particular reference to:

- the adjustment of the UCI fund range and the services offered, for Class III products;
- the update on 31/12/2020 of financial data relating to Eurovita S.p.A. set out in the Pre-contractual Information Documents for Insurance Products (DIP Vita and DIP Aggiuntivi IBIP), for Class I, Class III and Multi-class products;
- the review of the contractual material for insurance-type individual pension plans, pursuant to COVIP regulations (in this case it should be noted that the work related to products still in the portfolio but no longer being placed).

11. Personnel and specific training

During 2021, the targeted recruitment of highly qualified professionals from the market was carried out in order to meet requirements in specialist areas and a number of managerial roles. Meanwhile, a number of employment contracts were written to cover requirements of a more operational nature.

At 31 December 2021, the Company's workforce included 243 employees (271 employees at 31 December 2020 including those of the incorporated company), decreasing by 28. 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:

	31/12/2021	31/12/2020 (E)	31/12/2020 (P)
Company Number of employees			
Managers	8	8	3
Middle-managers and office workers	235	220	40
Total	243	228	43

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

Business English courses were again provided for senior management and for all positions needing to improve their English-language communication skills, which are key for day-to-day work activities.

These initiatives are part of the training plan financed by the Fondo Banche Assicurazioni (FBA), approved in May 2021, which is due to end in May 2022. The maximum funding amount according to the relevant notice is €200 thousand.

12. Pending Litigation and Provisions for Risks

The amount of the risk provision, equal to €12.9 million (€23.7 million in the previous year), is sufficiently large to cover 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 made to employees for expenses relating to staff retention and the cost of redundancies through the Solidarity Fund, and probable disbursements for disputes still pending with former agents and policyholders, including in relation to indexes with issuers in default and with third parties.

All tax disputes were fully settled during the current year. Details and comments on individual positions are provided in the notes to the financial statements.

The following table is a summary of changes in risk provisions from 31 December 2020 to 31 December 2021, showing provision charges and uses, broken down by type of risk:

Amounts in Euro thousand

	Amount at 31/12/2020	Increase	Decrease	Amount at 31/12/2021
Tax litigation	1.224	0	-1.224	0
Provisions for defaulted index-linked policies	2.362	0	-65	2.297
Sundry disputes with third parties	5.688	300	-4.400	1.588
Dormant policies	*1.000*	*0*	*0*	*1.000*
Other accruals	*4.688*	*300*	*-4.400*	*588*
Agency network provisions	6.440	311	-3.470	3.280
Agents' pension scheme	4.957	0	-3.470	*1.487*
Agency network restructuring	1.482	311	0	*1.793*
Litigation with agency network	847	0	-261	586
Sundry disputes with customers	2.438	600	-300	2.738
Other personnel provisions	4.656	300	-2.527	2.429
Total Provisions	23.654	1.511	-12.246	12.918

13. Capital and financial management

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

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

The rise in inflation was, in fact, one of the main themes of 2021: although it is considered temporary, it has been of gradually increasing concern to central banks and investors due to its resilience. The energy sector was one of the most significant contributors, with rising commodity prices driving up prices rapidly (with WTI oil rising from $50 per barrel in January to $75 per barrel in December, but most importantly, natural gas prices were very volatile, ranging from less than $3/MMBtu in December to more than $6/MMBtu in October, before falling sharply again in December). Following the post-lockdown reopenings, the intense recovery in global demand, in particular for assets, combined with persistent production bottlenecks, contributed to a rise in inflation in all the major economies. These phenomena resulted in European inflation rising beyond the ECB target in the second half of the year to its highest level since the start of monetary union in December 2021 (5% YoY), with the U.S. price index reaching its highest level (7% YoY) since the 1980s in the same period.

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

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

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

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

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

- geographical exposure, focused on core and peripheral European countries;

- credit risk, favouring the highest ratings according to a prudent assessment;

- issuer, in relation to the instruments of financial and corporate issuers.

Furthermore, a number of investment restrictions were implemented 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 investment grade bonds of financial and corporate issuers) are made under management mandates with financial managers with a high international standing (BNP Paribas AM - Goldman Sachs AM);
- investments in other liquid financial instruments (mainly bonds of emerging countries and high yield bonds of European and U.S. issuers) are made by investing in multi-asset fixed-income funds, which allow flexible diversified management (between and within the various asset classes) and global management (from the geographical perspective). Management has been entrusted to a highly specialised global manager (Goldman Sachs AM).
- investments in "innovative and illiquid" financial instruments (mainly bonds and loans to medium-sized companies) are made through funds managed by main international managers with a long and solid track record. Investment in private debt funds, in addition to the corporate sector, makes it possible to invest in infrastructure and real estate initiatives, thereby enabling the diversification of investments and taking advantage of the illiquidity premiums typical of these asset classes, consistent with the stability of insurance portfolios. For the selection, analysis and, in part, management of this type of investments, the Company relies on the services of StepStone Group, which is one of the world's leading operators of this strategy.

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

The net result of investments amounted to €296.1 million, i.e. an increase over the previous financial year (up 34.2% compared with €220.6 million in 2020). Investment income increased by €24.4 million, due to lower interest expense on reinsurance deposits of €7.1 million, partially offset by higher interest expense on bonds of €2.9 million, and an increase in ordinary income of €16.9 million due to the increase in average invested assets with a stable average return compared with the previous year. The contribution from gains on disposals was flat (€39.0 million in 2021 compared with €37.0 million in the previous year) as was the contribution from valuations (-€5.4 million in 2021 compared with -€6.5 million in the previous year). Net income from financial instruments at fair value through profit or loss brought a positive contribution totalling €60.9 million (up €51.0 million in 2021, compared with €9.9 million in the previous year), thanks to the positive performance of the markets to which the external funds and unit-linked internal funds are linked, related to products classed as investments with DPF.

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

Valuation of the investment portfolio

The Company's total investment portfolio at book value amounted to €18,779.5 million at 31 December 2021 (€17,738.4 million at 31 December 2020).

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

The “Loans and receivables” portfolio, amounting to €246.7 million (€613.1 million in 2020 including the former Pramerica Life portfolio), represents 1.3% of the total portfolio, showing net unrealised capital gains of €16.9 million, a decrease on the same figure for 2020 (€60.8 million). The decrease in the item as at 31 December 2021 is mainly due to the reduced use of repurchase agreements (-€11 million compared with the end of the previous year), €15 million in maturing securities and the sale of securities totalling €317 million.

The portfolio of “Available-for-sale (AFS) financial assets”, amounting to €11,455.3 million (€12 thousand.1 million in 2020 including the former Pramerica Life portfolio), represents 61.0% of the total portfolio and shows a positive equity reserve (the difference between market value and amortised cost) of €754.5 million, a decrease of €572.9 million on the value recorded in the previous year (€1,327.4 million). The equity reserve again benefited from the increase in interest rates in 2021, as well as the increase in spreads on Italian government securities.

“Financial assets measured at fair value through profit or loss”, equal to €7,076.9 million (€6,803.7 million in 2020), represent 37.7% of the total portfolio and essentially consist of securities backing Unit-linked products classed as investments with DPFs. The item benefited from the strong performance of the financial equity markets to which the portfolios are linked.

Further Information

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

The Company holds investments in private asset funds (mainly private debt) of €823 million, which represent 4.4% of the Investments item.
It should be noted that, in view of valuation uncertainties related to the difficulties faced by some borrowers due to the financial crisis associated with Covid-19 pandemic crisis, the Company decided to reduce the value of these funds by approximately €38 million compared with the value based on the last available NAVs. Since these are mainly closed-end alternative investment funds (AIFs), it is not possible to request the redemption of units, so any reduction in exposure could take place through disposals on the secondary market. In this regard, it should be noted that transactions on the secondary market in closed-end fund units normally take place at lower values than the last available NAVs.

This new valuation will be reviewed on receipt of the audited financial statements of the funds in which the Company has invested.

Finally, it should be noted that, at 31 December 2021, the amount of capital committed by the Company for these investments and not yet actually invested was approximately €185 million.

14. Trends in overhead expenses and acquisition costs

Overhead expenses, including the amortisation of intangible assets, amounted to €60.1 million, down compared with the previous year (€75.8 million, including Pramerica Life) due to synergies deriving from the process of integrating and merging Pramerica Life.

This decrease is mainly due to lower staff costs of €14.2 million, including €3.8 million due a decrease in resources (from 271 units to 252 units at 31 December 2021), a €1.8 million decrease in IAS 19 provisions, and €8.5 million due to the fact that extraordinary costs related to redundancy incentives had been recognised in 2020. IT costs also decreased by €2.9 million.

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

The Company incurred costs of €1.4 million related to personnel expenses charged back by Eurovita Holding S.p.A.; it also charged back a total of €1.1 million to other Group companies, of which €0.7 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 €15.0 million, down from the €25.3 million recorded in 2020 (-40.7%), in line with the decrease in business.

Acquisition costs received from reinsurers amounted to €2.1 million (€1.5 million at 31 December 2020).

Maintenance costs for the Class I and III portfolio amounted to €124.2 million (€110.4 million at 31 December 2020).

The decrease in acquisition costs and maintenance costs mainly relates to a decrease in total business of €114.4 million (-6.5%) and a different product mix, particularly oriented towards Class III products (Class I premiums decreased by €317.0 million and Class III premiums increased by €202.6 million). In addition, the rappels and other incentives for the sales network at 31 December 2020 included a one-off contribution (of €4.0 million) for a commercial agreement entered into with Deutsche Bank that no longer existed in 2021.

15. IT systems, organisation and major projects

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

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

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

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

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

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

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

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

The Company has also continued to develop the operating framework for cyber security management, further strengthening the governance model and taking into account the "Guidelines on information and communication technology, security and governance", issued by EIOPA on 6 April 2021, which entered into force on 1 July. In this context: i) the organisational structure was reviewed, with the re-allocation of the Information Security function, which had been within the Organisation, Information Systems and Human Resources Department but now answers directly to Eurovita's Chief Executive Officer, in order to ensure its full independence from the IT systems management processes; ii) the ICT risk management model was integrated into the operational risk framework, aligning the relevant probability/impact metrics; iii) the internal procedures for IT security management were updated and integrated, with particular reference to the management of IT demand and change management processes, the management of access to IT systems, ticketing management and IT incidents.

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

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 can be found 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 2021, services amounting to €1.0 million were re-billed to Group companies and staff costs of €2.2 million were charged back.

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

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

Eurovita Agenzia Marketing S.r.l.: the company, which is in liquidation, is wholly owned by Eurovita S.p.A. following the merger by incorporation of Pramerica Life S.p.A. It is expected to be fully wound up by the end of the first half of 2022.

At the end of financial year 2021, Eurovita S.p.A. held no shares of the holding company 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).

18. Relations with the Italian Institute for the Supervision of Insurance (IVASS)

In the fourth quarter of 2021, IVASS began an inspection of the company's operations in order to verify the governance, management and control of investments and financial risks, with a focus on the valuation and risk profile of alternative investment funds.

The inspection began on 29 September 2021, and on 17 January 2022 it was also prolonged to include follow-up checks on the adequacy of the measures implemented by the Company to remedy the shortcomings that came to light during the inspections on the methods and assumptions used to determine the technical provisions and calculate the solvency capital requirement, pursuant to Articles 36-*ter* and 45-*ter* of Legislative Decree No. 209 of 7 September 2005.

In the same period, IVASS began an inspection to verify the governance, management and control of risks related to information and communication technology (ICT) and cyber security risks.

The inspection began on 11 October 2021, and on 16 November 2021 was also extended to include the governance, management and control of money laundering risk.

At the date of preparation of this documentation, the inspection has been completed and the Company is awaiting the relevant inspection reports.

19. Exposure to risk

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

20. Business outlook

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

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

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

21. Significant events after the end of the financial year

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

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

At the time of preparation of these financial statements, it is not possible to predict how the conflict will develop, let alone the long-term consequences for the world's economies.
With regard to the exposure of our financial investments in those countries most closely involved in the conflict between Russia and Ukraine, please note the following:

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

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

It should be recalled that the Company was inspected by the Supervisory Authority and that, at the date of preparation of this report, the results are not known. This inspection also concerned investments in certain complex investment funds. From a prudential standpoint, the Company has carried out sensitivity analyses enabling it to verify whether, even in the event of the classification of the said funds with a risk profile relating to a particularly unfavourable standard formula stress, the solvency ratio at year-end would nevertheless remain above the minimum values permitted by law and above the "recovery trigger" of 110% defined in the Company's capital policy.

With regard to the Company's solvency, the monitoring of the solvency ratio carried out at the end of February showed that it is increasing, mainly as a result of rising interest rates.

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 2021 amounted to €36,349,367.4.

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, 30 March 2022

FOR THE BOARD OF DIRECTORS
Chief Executive Officer
Erik STATTIN

Statement of financial position

ASSETS

Amounts in Euro thousand

Item		31/12/2021	31/12/2020
1	INTANGIBLE ASSETS	123.263	81.032
1.1	Goodwill	22.050	22.050
1.2	Other intangible assets	101.213	58.981
2	TANGIBLE ASSETS	17.806	19.103
2.1	Land and buildings (self used)	17.393	18.636
2.2	Other tangible assets	412	467
3	AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS	270.608	357.935
4	INVESTMENTS	18.779.470	17.738.441
4.1	Land and buildings (investment properties)	-	-
4.2	Investments in subsidiaries, associated companies and joint ventures	534	28.842
4.3	Held to maturity investments	-	-
4.4	Loans and receivables	246.677	588.823
4.5	Available for sale financial assets	11.455.315	10.317.041
4.6	Financial assets at fair value through profit or loss	7.076.944	6.803.735
5	RECEIVABLES	*120.872*	*100.759*
5.1	Receivables arising out of direct insurance operations	25.552	27.511
5.2	Receivables arising out of reinsurance operations	33.031	3.610
5.3	Other receivables	62.289	69.638
6	OTHER ASSETS	378.405	414.588
6.1	Non-current assets or disposal groups classified as held for sale	-	-
6.2	Deferred acquisition costs	22.678	37.187
6.3	Deferred tax assets	-	-
6.4	Tax receivables	282.921	270.237
6.5	Other assets	72.806	107.164
7	CASH AND CASH EQUIVALENTS	35.478	21.140
	TOTAL ASSETS	19.725.902	18.732.997

LIABILITIES

Amounts in Euro thousand

	Item	31/12/21	31/12/20
1	SHAREHOLDERS' EQUITY	605.123	497.403
1.1.1	Share capital	90.499	90.499
1.1.2	Other equity instruments	0	0
1.1.3	Capital reserves	276.793	276.793
1.1.4	Revenue reserves and other reserves	181.145	85.284
1.1.5	(Own shares)	0	0
1.1.6	Reserve for currency translation differences	0	0
1.1.7	Reserve for unrealized gains and losses on available for sales financial assets	47	33.461
1.1.8	Reserve for other unrealized gains and losses through equity	20.290	158
1.1.9	Result of the period	36.349	11.207
2	OTHER PROVISIONS	12.918	23.499
3	INSURANCE PROVISIONS	12.101.659	11.281.771
4	FINANCIAL LIABILITIES	6.761.643	6.644.129
4.1	Financial liabilities at fair value through profit or loss	6.380.322	6.270.248
4.2	Other financial liabilities	381.322	373.881
5	PAYABLES	109.707	154.537
5.1	Payables arising out of direct insurance operations	29.278	25.563
5.2	Payables arising out of reinsurance operations	18.529	69.267
5.3	Other payables	61.900	59.707
6	OTHER LIABILITIES	134.850	131.659
6.1	Liabilities non-current assets and disposal groups classified as held for sale	0	0
6.2	Deferred tax liabilities	41.175	36.402
6.3	Tax payables	53.052	41.863
6.4	Other liabilities	40.623	53.394
	TOTAL EQUITY AND LIABILITIES	19.725.902	18.732.997

Income statement and statement of comprehensive income

INCOME STATEMENT
Amounts in Euro thousand

		31/12/2021	31/12/2020
1.1	Net earned premiums	1.009.029	1.178.192
1.1.1	*Gross earned premiums*	1.023.771	1.192.172
1.1.2	*Earned premiums ceded*	-14.742	-13.979
1.2	Fee and commission income and income from financial service activities	138.574	125.430
1.3	Net income from financial instruments at fair value through profit or loss	60.882	9.854
1.4	Income from subsidiaries, associated companies and joint ventures	18	0
1.5	Income from other financial instruments and land and buildings (investment properties)	295.481	276.295
1.5.1	*Interest income*	188.010	176.801
1.5.2	*Other income*	30.988	25.338
1.5.3	*Realized gains*	76.483	74.156
1.5.4	*Unrealized gains and reversal of impairment losses*	0	0
1.6	Other income	38.871	32.077
1	TOTAL INCOME	1.542.854	1.621.849
2.1	Net insurance benefits and claims	1.156.127	1.282.661
2.1.1	*Claims paid and change in insurance provisions*	*1.172.004*	*1.304.468*
2.1.2	*Reinsurers' share*	*-15.877*	*-21.808*
2.2	Fee and commission expenses and expenses from financial service activities	96.515	90.289
2.3	Expenses from subsidiaries, associated companies and joint ventures	0	0
2.4	Expenses from other financial instruments and land and buildings (investment properties)	60.303	65.569
2.4.1	*Interest expenses*	17.505	21.842
2.4.2	*Other expenses*	0	0
2.4.3	*Realized losses*	37.420	37.182
2.4.4	*Unrealized losses and impairment losses*	5.379	6.546
2.5	Acquisition and administration costs	95.908	87.925
2.5.1	*Commissions and other acquisition costs*	51.971	49.924
2.5.2	*Investment management expenses*	13.875	12.842
2.5.3	*Other administration costs*	30.063	25.159
2.6	Other expenses	84.998	82.039
2	TOTAL EXPENSES	1.493.852	1.608.483
	EARNINGS BEFORE TAXES	49.002	13.367
3	Taxation	12.653	2.159
	EARNINGS AFTER TAXES	36.349	11.207
4	RESULT OF DISCONTINUED OPERATIONS	0	0
	RESULT OF THE PERIOD	36.349	11.207

STATEMENT OF COMPREHENSIVE INCOME

		31/12/2021	31/12/2020
	RESULT OF THE PERIOD	36.349	11.207
	Items that may not be reclassified to profit and loss in future periods	79	30
	Share of other comprehensive income of associates	0	0
	Reserve for revaluation model on intangible assets	0	0
	Reserve for revaluation model on tangible assets	0	0
	Result of discontinued operations	0	0
	Actuarial gains or losses arising from defined benefit plans	79	30
	Other	0	0
	Items that may be reclassified to profit and loss in future periods	-13.363	-82.180
	Foreign currency translation differences	0	0
	Net unrealized gains and losses on investments available for sale	-33.415	-91.417
	Net unrealized gains and losses on cash flows hedging derivatives	20.052	9.237
	Net unrealized gains and losses on hedge of a net investment in foreign operations	0	0
	Share of other comprehensive income of associates	0	0
	Result of discontinued operations	0	0
	Other	0	0
	OTHER COMPREHENSIVE INCOME	-13.283	-82.150
	TOTAL COMPREHENSIVE INCOME	23.066	-70.943

Statement of changes in shareholders' equity

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(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

	Amount as at 31.12.2020	Change in amounts	**Allocation**	**Transfer to profit or loss account**	**Other transfer**	Amount as at 31.12.2021
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	-4.157.152		0	272.636.211
Revenue reserves and other reserves	85.283.987	0	88.811.275		11.207.235	185.302.496
(Own shares)	0	0	0		0	0
Result of the period	11.207.235	0	36.349.367		-11.207.235	36.349.367
Other comprehensive income	33.619.487	0	-12.043.747	-1.239.399	0	20.336.340
Total	497.402.982	0	108.959.742	-1.239.399	0	605.123.324

Statement of cash flows

CASH FLOW STATEMENT (indirect method)

(Amounts in Euro)

	31/12/2021	31/12/2020
Earnings before taxes	49.002.392	13.366.728
Changes in non-cash items	993.228.069	883.469.530
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	907.215.205	821.781.438
Change in deferred acquisition costs	14.509.116	4.471.831
Change in other provisions	-10.580.738	4.262.959
Other non-cash expenses and revenues arising out of financial instruments, investment properties and investments in subsidiaries, associated companies and joint ventures	60.497.546	54.318.575
Other changes	21.586.940	-1.365.273
Change in receivables and payables from operating activities	-55.978.431	-351.246
Change in receivables and payables arising out of direct insurance and reinsurance operations	-74.483.682	6.795.740
Change in other receivables and payables	18.505.251	-7.146.986
Income taxes paid	-18.337.659	3.046.669
Net cash flows from cash items related to investing or financing activities	110.073.549	-537.907.574
Financial liabilities related to investment contracts	110.073.549	-537.907.574
Payables to 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	1.077.987.920	361.624.107
Net cash flows from investment properties	0	0
Net cash flows from investment in subsidiaries, associated companies and joint ventures	28.308.097	0
Net cash flows from loans and receivables	340.215.471	140.170.383
Net cash flows from held to maturity investments	0	0
Net cash flows from available for sale financial assets	-1.210.124.888	-256.690.678
Net cash flows from tangible and intangible assets	-40.934.291	13.015.176
Net cash flows from other investing activities	-273.208.755	70.313.927
NET CASH FLOWS FROM INVESTING ACTIVITIES	-1.155.744.365	-33.191.192
Net cash flow from equity instruments	84.654.123	0
Net cash flow from own shares	0	0
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	7.440.931	-362.037.022
CASH FLOW FROM FINANCING ACTIVITIES	92.095.053	-362.037.022
Effect of exchange rate changes on cash and cash equivalents	0	0
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	21.139.520	54.743.626
CHANGE IN CASH AND CASH EQUIVALENTS	14.338.608	-33.604.106
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	35.478.128	21.139.520

5.A Basis of preparation

The financial statements at 31 December 2021 were prepared in accordance with the International Financial Reporting Standards adopted by the European Union. International Financial Reporting Standards (IFRS) refers to all international accounting standards called "International Financial Reporting Standards" (IFRS) and "International Accounting Standards" (IAS) and related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standard Interpretations Committee (SIC).

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

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

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

With regard to the entry into force of new accounting standards, the new accounting standard IFRS 9, issued by the IASB in July 2014 and approved by the European Commission through Regulation (EU) No. 2067/2016, replaced, with effect from 1 January 2019, IAS 39, which currently governs the classification and measurement of financial instruments. IFRS 17, the new standard regulating insurance contracts, approved by Regulation No. 2021/2036 of 19 November 2021, will instead be applicable as of 1 January 2023. The initial entry into force on 1 January 2021 has been postponed by the IASB until 1 January 2023.

In September 2016, the IASB published an amendment to IFRS 4, which provides for two options for insurance groups: Temporary Exemption and the Overlay Approach:

- Temporary Exemption allows for a complete departure from IFRS 9, maintaining the adoption of IAS 39 up to the reporting date as of which the new IFRS 17 comes into force;
- The Overlay Approach makes it possible to remove from the income statement, by suspending it in OCI, any volatility that might arise before the implementation of 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 in results due to misalignment between the date of entry into force of the new IFRS 17 applicable to insurance liabilities, replacing the current IFRS 4, and the new IFRS 9.

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

The 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 reassess such accounting treatment 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 31/12/2021	Fair Value change	Other changes	Fair value 31/12/2020
of shich:				
Financial assets with contractual terms that provide for specific cash flows on specific dates represented solely by payments of principal and interest on the amount of the principal to be returned				
Bonds	183.197.887	-4.464.091	-356.745.285	544.407.264
Other financial assets	-	-	-11.012.791	11.012.791
	183.197.887	**-4.464.091**	**-367.758.076**	**555.420.054**
Financial assets other than those with contractual terms that provide for specific cash flows on certain dates represented solely by payments of principal and interest on the amount of the principal to be returned				
Bonds	-	-	-	-
Other financial assets	-	-	-	-
	-	-	-	-

Available for sale financial assets	Fair value 31/12/2021	Fair Value change	Other changes	Fair value 31/12/2020
of shich:				
Financial assets with contractual terms that provide for specific cash flows on specific dates represented solely by payments of principal and interest on the amount of the principal to be returned				
Bonds	9.957.294.161	-583.425.895	1.757.261.970	8.783.458.085
	9.957.294.161	**-583.425.895**	**1.757.261.970**	**8.783.458.085**
Financial assets other than those with contractual terms that provide for specific cash flows on certain dates represented solely by payments of principal and interest on the amount of the principal to be returned				
Bonds	117.031.481	-764.255	-33.534.770	151.330.506
Fund shares	1.359.187.980	-32.773.093	31.076.976	1.360.884.097
Derivatives	-16.938.496	279.220	34.708.638	-51.926.354
	1.459.280.965	**-33.258.127**	**32.250.844**	**1.460.288.248**
Other financial assets which provide no test				
Stock shares	21.801.129	590.542	-157.483	21.368.069
	21.801.129	**590.542**	**-157.483**	**21.368.069**

Financial assets at fair value through profit or loss	Fair value 31/12/2021	Fair Value change	Other changes	Fair value 31/12/2020
Financial assets with contractual terms that provide for specific cash flows on specific dates represented solely by payments of principal and interest on the amount of the principal to be returned				
Bonds	101.816	-788	-4.908.872	5.011.477
Derivatives	-	-	-	-
	101.816	**-788**	**-4.908.872**	**5.011.477**
Financial assets other than those with contractual terms that provide for specific cash flows on certain dates represented solely by payments of principal and interest on the amount of the principal to be returned				
Bonds	2.974.069	33.000	5.716	2.935.353
Fund shares	-	-	-	-
Derivatives	7.319.700	-753.500	-	8.073.200
	10.293.769	**-720.500**	**5.716**	**11.008.553**

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

Financial assets with contractual terms that provide specific cash flows on specific dates represented solely by payments of principal and interest on the amount of the principal to be	Book Value 31/12/2021	Market Value 31/12/2021	Book Value 31/12/2020
of which:			
Investment grade			
Bonds	9.705.703.043	9.808.517.233	8.519.853.720
Other financial assets	-	-	11.012.791
Non Investment grade			
Bonds	321.985.205	332.076.631	666.871.843

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 pursuant to 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 2021.

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

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

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

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

5.B Accounting standards and measurement criteria

ACCOUNTING STANDARDS

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

The financial statements at 31 December 2021 were prepared in accordance with the International Financial Reporting Standards adopted by the European Union. International Financial Reporting Standards (IFRS) refers to all international accounting standards called "International Financial Reporting Standards" (IFRS) and "International Accounting Standards" (IAS) and related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standard Interpretations Committee (SIC).

For improved reporting, the main changes to the pre-existing accounting standards, which were applied from 1 January 2021, are set out below, and had no significant accounting impact.

Amendments to IFRS 3 - Definition of a business

Regulation (EU) 2021/551 of 21 April 2021 amended IFRS 3 - Business Combinations, to provide support to entities in determining whether a transaction is an acquisition of a business or a group of assets that does not meet the definition of a business pursuant to IFRS 3.

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

Regulation (EU) No 2021/34 of 15 January 2021 transposed certain amendments to IFRS 9, IAS 39 and IFRS 7 in order to overcome the uncertainty arising from the reform of IBOR (interbank offered rates) indices, allowing some simplifications to the requirements of these standards during the phase preceding the change of benchmarks. The changes introduced mainly relate to the accounting practice of hedge accounting and the relevant disclosures, as well as the pricing of financial assets and liabilities related to these benchmarks.

STATEMENT OF FINANCIAL POSITION

Intangible assets

Goodwill

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

Other intangible assets

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

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

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

Tangible assets

Other tangible assets

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

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

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

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

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

This item also includes the right to use any assets held pursuant to the new accounting standard IFRS 16 "Leases". This new standard, which replaces IAS 17 "Leases", introduced, as of 1 January 2019, 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 considering 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 plant 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. If it is impossible to determine such rate easily, the Company uses the incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as a discounting rate.

The Company's incremental borrowing 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 for 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 the event of modification of any future lease payments deriving from a change in the index or rate, in the event 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 to 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 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.

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.

Accordingly, the Company generally assesses whether the lease substantially transfers all the risks and rewards 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.

When applying IFRS 16, the Company adopted a 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 arising 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 an appraiser.

The choice between the above methods is not optional as they must be applied in hierarchical order. Please refer to the annexes to the notes to the financial statements for details regarding the breakdown of financial instruments by fair value level.

Loans and receivables

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

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

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

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

Available-for-sale financial assets

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

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

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

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

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

For the purpose of determining the market price, a market is considered active when it is able to quote a price at which a transaction 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 are quoted in the absence of sufficient liquidity, markets able to trade efficiently are preferred, even if they are not regulated, thereby favouring the principle of substance over form.

The income statement includes charges and income capitalised on the basis of amortised cost according to the real rate of return method. Unrealised gains and losses 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 derecognised 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 rewards 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 and by reducing the assets available for sale reserve to zero.

With regard to fixed-income financial instruments, in order to ascertain whether there is any need to proceed with impairment, the Company examines objective factors or concrete information that makes the payment of benefits doubtful (payment of coupons or repayment at maturity); losses in value of more than 20% of the amortised cost of the investment or decreases in 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 exist on the basis of objective evidence. These write-backs are recorded in the income statement.

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

This category includes assets held for short-term trading (in line with the IAS 39 definitions, supplemented by European Commission Regulation 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 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 they 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 they 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 the event of partial redemption, costs are expensed *pro-rata* (in proportion to the provisions released).

Current tax assets and deferred tax assets

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

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

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

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

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

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

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

Temporary differences can be:

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

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

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

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

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

All deferred tax liabilities are recognised in the financial statements.

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

Starting in financial year 2008, the new formulation of IAS 12.74 was implemented. It provides for the obligation to offset deferred tax assets and liabilities relating to income taxes of the same type and attributable to the same taxable person or different taxable persons and is intended 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, 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 reporting period (including for partial redemption), are expensed by charging the residual costs to profit or loss.

Cash and cash equivalents

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

Shareholders' equity

Capital reserves

This item comprises the share premium reserve.

Retained earnings reserves and other equity reserves

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

Gains or losses on available-for-sale financial assets

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

Other gains or losses recognised directly in equity

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

Dividends

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

Provisions

This macro-item includes provisions recognised in accordance with IAS 37, i.e. where there is a current (legal or implicit) obligation as a result of a past event, the use of resources to 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).

A special equity reserve is created within technical provisions relating to investment contracts with DPF to limit volatility due to the presence of unrealised gains/losses on assets (referred to as shadow accounting).

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

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

Shadow accounting provisions

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

The shadow accounting provision is determined as a financial adjustment to mathematical provisions and is equal to the difference between the mathematical provision set aside and the mathematical provision that would have been set aside if all the (unrealised) valuation gains and losses had been realised on a "going concern" basis. In addition, during the purchase price allocation phase, the Company recorded a shadow provision as consideration for the valuation of financial assets on the market without any effective impact on the segregated funds. This part of the provision produces its effects on the income statement in individual years according to the gains or losses from valuations performed in the segregated funds. It follows that shadow accounting is applicable to contracts for which the realisation of net gains and losses on valuation has an effect on mathematical provisions. Generally, for Italian products, this occurs for with-profits products related to segregated funds.

The shadow accounting going concern approach enables the following:

- greater stability of results for the period and of changes in the Company's shareholders' equity;
- a faithful representation of the economic reality of business: the crystallisation of gains and losses on valuation is, in general, not consistent with the Company's choice of timing and amount for the realisation of investments in segregated funds;
- consistency with value measurements though profit or loss that take into account portfolio development;
- true and fair calculation of capital and results for IAS/IFRS purposes in scenarios involving significant capital losses: the crystallisation of capital losses could result in an unjustified capital reduction even if current business performance is well above guaranteed minima;
- adherence to the going concern principle (included in the framework of IAS/IFRS standards), according to which the financial statements should be prepared on the basis 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 reporting date for the period is realised prospectively over a period of several years, consistent with the Company's management policies. The analysis is performed at the individual segregated fund level;
- the benchmark return by which to measure the impact of realising capital gains/losses is the "prospective natural return" of individual segregated funds. The natural rate is defined as the rate of return before any potential realisation and, from a theoretical standpoint, consists of income from equity investments, income from investment property, coupon flows, and issuing and trading discounts for bonds, and from the return on liquidity; the percentage of participation in gains/losses by policyholders taking into account the minimum guaranteed contractual rate, the minimum commission withheld by the Company for managing contracts, and the average percentage of retrocession on returns if any. The analysis is carried out for each segregated fund and within same by bands of minimum guaranteed return.

Liability adequacy test (LAT)

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

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

Financial liabilities

Financial liabilities measured at fair value through profit or loss

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

- financial liabilities held for trading, where negative positions on derivative contracts are classified;
- financial liabilities designated for measurement at fair value through profit or loss, where financial liabilities relating to contracts issued by insurance companies whose investment risk is borne by policyholders are classified, in the presence of insignificant insurance risk, and without discretionary participation in profits. The item refers to the financial liabilities governed by IAS 39 (IAS 39.9,47 (a)) and therefore includes financial liabilities consisting of 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 and 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, 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 current 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 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 the provision of financial services, pursuant to 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 underwriting insignificant insurance risk and therefore valued according to IAS 39. This specifically refers 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. This specifically includes interest income (calculated using the effective interest method), other income from investments (dividends and other), realised gains and valuation gains (write-backs, reversal of impairment).

Other revenues

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

Commission expense

This item includes the recognition of costs connected with financial services received, as established by IFRS 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 underwriting insignificant insurance risk and therefore valued in accordance with IAS 39. In particular this 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. It specifically includes interest expense (calculated using the effective interest method), other investment charges, realised losses and valuation losses (impairment).

Operating expenses

Commissions and other acquisition expenses

This item includes the remuneration 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 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 that the Company provides to its employees after termination of employment. These benefits are based on the remuneration received by employees during a predetermined service period, as well as on the working life of employees. These benefits are assessed using actuarial criteria; the gains and losses arising from this valuation are recorded in the statement of comprehensive income of the vesting period, using the projected unit credit method.

Following the supplementary pension reform referred to in Legislative Decree No. 262 of 5 December 2005, the portions of employees' severance indemnities accrued up to 31 December 2006 remained within the Company, while the portions of employees' severance indemnities accrued with effect from 1 January 2007 were, at the employee's discretion (by 30 June 2007), allocated to a supplementary pension scheme or to the INPS Treasury Fund.

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

Any portions accrued from 1 July 2007 (or until the date chosen by the employee between 1 January 2007 and 30 June 2007 in the event of allocation of their severance indemnities to a supplementary pension scheme) are considered "defined contribution" plans (as the company's obligation ceases when it pays the 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 rewards 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 applies to assumptions and uncertainties relating to estimates at 31 December 2021 having a significant risk of causing material changes in the book value of assets and liabilities to be recognised in the financial statements of the following financial year:

- impairment test on goodwill, positive VIF and deferred acquisition costs: main assumptions for the calculation of recoverable values;
- recognition and measurement of provisions and contingent liabilities: main assumptions regarding 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 the adoption of the national accounting standards used until 2004 to account for insurance contracts, defined as contracts underwriting 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;
- an 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 in terms of preventing the risk of non-compliance;
- 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 constitutes the link between the Company's business strategy and risk management and determines 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 identifying 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 in place and to risks that could arise in existing 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 arising 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 arising 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 rules.

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

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

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 established in order to reinforce the activities of the functions responsible for risk monitoring and control.

The rules and operational procedures followed for the management and monitoring of risks to which the 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 adequately reported to the Board of Directors.

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

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

- Financial risks;
- Life technical risks;
- Counterparty default risks;
- Other risks.

1 Financial risk

The variables with the greatest impact on the financial portfolios were monitored during the financial year. Therefore, as part of risk management, the impacts of financial risk factors on the 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 mismatches in the portfolio between 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 movements that could lead to a depreciation in 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 limiting 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, 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.

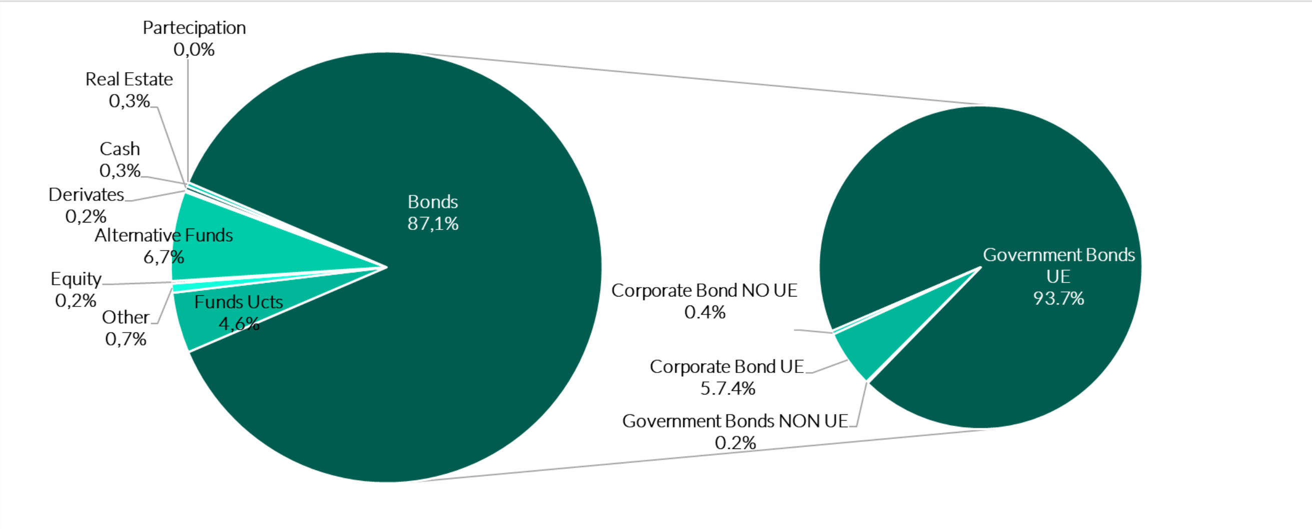
Interest rate risk is managed through a policy to optimise investment performance and by constantly monitoring asset and liability matching at the segregated fund level.

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 2021 amounted to €11,768 million, mainly comprises bond instruments (approximately 87%), UCITS (Undertakings for Collective Investment in Transferable Securities) (approximately 5%) and alternative funds (approximately 7%).

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



Market risk is assessed using the Standard Formula. Considering the composition of the Company's portfolio, the assessment findings point to substantial exposure, mainly to spread risk. In addition to the risks defined according to the Standard Formula, the Company assesses elements linked to the volatility of instruments included in eligible own funds. In particular, an intervention plan was implemented in 2021 to mitigate exposure to the main sources of volatility in the portfolio, i.e. Italian government bonds. However, the search for lower volatility of own funds translates into a lower capacity to generate income for the Company's investments. Against a background of negative interest rates, the Company has increased its position in alternative instruments, characterised by a higher yield, in order to better meet the guaranteed minimum yield rates of segregated funds.

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

Longevity risk is negligible due to the relative proportion of annuity contracts in the Group's overall portfolio. Guaranteed option ratios are not provided for in the products in the portfolio.

For risks associated with with-profits policies with minimum guaranteed returns, in addition to incorporating appropriate criteria that take into account the situation of the financial markets and existing regulatory constraints, the corresponding financial investment holdings are measured over time using ALM techniques.

With regard to purely technical insurance risks, the 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 risk in setting the premium and margins, including in relation to contract placement and management/maintenance costs. The Company also ensures the continuous comparison and monitoring of market trends and foreseeable scenarios, calculates the capital requirement using the Solvency II Standard Formula, and makes a careful assessment of exposure to insurance risk within the limits of risk tolerance in terms of quantity and type of new business during the annual planning phase.

With regard to mortality risk relating to insurance contracts in the "event of death" (whether term or whole life), the mortality tables used for pricing are prudential and risk exposure is monitored through a comparison between actual mortality and theoretical mortality 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 submission of suitable health documentation, which is more detailed according to the amount of capital to be insured and the age of the insured. The analysis and evaluation of the documentation received will then determine the decision to request further documentation (in relation to the insured's health or linked to certain professions and/or sports activities), underwrite or reject the risk, or apply appropriate extra premiums.

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.

Amounts in Euro thousand

IAS Classification	Premiums in the first year	Premiums in subsequent years	Total
Rider	*25*	*2.974*	*2.998*
Indirect Business	*-*	*4.005*	*4.005*
Insurance	*11.870*	*138.711*	*150.581*
Investment_DPF	*826.908*	*39.279*	*866.187*
Investment	*642.632*	*8.218*	*650.850*
Total	*1.481.434*	*193.187*	*1.674.621*

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

Amounts in Euro million	*Direct Business December 2021*
Reserves with interest rate guarantees	9.890,0
from >= 0% to <=1%	6.580,5
from >1% to <=2%	2.144,0
from >2% to <=3%	539,6
from >3% to <=4%	626,0
Over 4%	-
Reserve for mortality risk	57,5
Reserves linked to specific assets	26,4
Unit-Linked Reserves	758,5
Other Technical reserves	295,7
Shadow accounting reserve	924,1
VIF - Value in force	78,7
Total	12.030,9

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 works 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 investment monitoring.

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 identification, 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, 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 the time it takes to recover corporate information in particularly critical situations; this plan defines the set of technological measures required to restore systems, data, and infrastructures necessary for the provision of services in the aftermath of catastrophic events.

With regard to the measurement of operational risk and determination of the relevant capital absorption, the 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 2021 revealed 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 future risk of a drop in profits or capital arising from external factors, such as the insurance market, competitors, and customers, or internal factors, such as business strategy and the achievement of strategic objectives set by the Board of Directors. Senior Management, with the support of the Risk Management Function and other functions involved, is responsible for identifying and assessing risks and defining the actions and resources necessary to manage them. The ongoing adoption of measures ensures the achievement of business objectives and strategic objectives, as well as a continuous assessment of the effectiveness of such measures.

Reputational risk is defined as the risk of deterioration of the corporate image and increased conflict with policyholders, also due to the poor quality of services offered, the selling of unsuitable policies, or the behaviour of the sales network. This risk is managed and monitored, including through the risk of non-compliance with rules, 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 December 2021 and are reviewed at least annually.

2. Management of related party transactions

In accordance with the procedures and timeframe set out in the “Management of Related Party Transactions Policy”, the department in charge provides the Chief Executive Officer, the Audit, Internal Control and Risk Committee, the Board of Directors, the Board of Statutory Auditors and the Supervisory Body with adequate information regarding 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 for 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 for 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, for each individual transaction, equal to or greater than €5.0 million are submitted for the prior examination and approval of the Audit, Internal Control & Risk Committee, and the Board of Directors of the Company.

In particular, the Committee, after receiving the documentation and information, examines the transaction and issues a reasoned opinion to the Board of Directors as to whether the Company has an interest (and on whether the subsidiary has an interest in any transactions carried out through it) in carrying out the transaction, as well as 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 more minor transactions, the documentation is sent to the Chief Executive Officer, who examines the transaction and authorises it where such task falls within his or her remit If the transaction does not fall within his or her remit, or if he or she considers it appropriate, an opinion is issued to the Committee 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 is noted in specific reports.

3. Related party transactions carried out during the year

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

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

5.E Information on the statement of financial position at 31 December 2021

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 incorporated herein. For ease of reading and to improve comparability with the previous year, where necessary information relating to the former subsidiary Pramerica Life S.p.A. (P) has also been included in the table, together with that of Eurovita S.p.A. (E).

Assets

1 Intangible assets

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

Amounts in Euro thousand

	Amount at 31/12/2020 (E)	Amount at 31/12/2020 (P)	Increase	Decrease	Amount at 31/12/2021
Goodwill	22.050	-		-	22.050
Total Goodwill	*22.050*	-	-	-	*22.050*
VIF OMWI - PRAMERICA	126.985	-	55.705	-	182.690
Software	6.811	-	-	-	6.811
Other intangible fixed assets	2.386	-	-	-	2.386
Total other intangible fixed assets	*136.182*	-	*55.705*	-	*191.887*
Total intangible assets	158.232	-	55.705	-	213.937

Amounts in Euro thousand

	Acc. Amort. 31/12/2020 (E)	Acc. Amort. 31/12/2020 (P)	Increase	Decrease	Acc. Amort. 31/12/2021	Book value 31/12/2021
Goodwill	-	-	-	-	-	22.050
Total Goodwill	-	-	-	-	-	*22.050*
VIF OMWI - PRAMERICA	68.538	-	13.050	-	81.588	101.103
Software	6.573	-	197	-	6.770	41
Other intangible fixed assets	2.089	-	226	-	2.315	71
Total other intangible fixed assets	*77.200*	-	*13.474*	-	*90.673*	*101.214*
Total intangible assets	77.200	-	13.474	-	90.673	123.264

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 excess of acquisition price of the shareholding of Old Mutual Wealth Italy, compared with the share at fair value net 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 its carrying value. Therefore, the asset was not written down.

Furthermore, this valuation was supported by information that came to light during 2021. With reference to events after the reporting date for financial year 2021, it should be noted that despite what has been reported in the paragraph relating to the possible effects of Covid-19 and the war in Ukraine, the analysis of sensitivities conducted, the positive business trend in the first few weeks of 2022 and the forecasts for the entire financial year do not point to anything that might affect the past measurement.

1.2 Other intangible assets

This item, amounting to €101,214 thousand, consists of the value of the life portfolio of the former Old Mutual Wealth Italy S.p.A., acquired in 2017 (VIF), of €48,956 and the life portfolio of the former Pramerica

Life S.p.A., acquired in 2019 (VIF), of €52,146, as well as costs incurred to purchase software and other intangible assets of €112 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 run-off 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.

A 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 31/12/2020 (E)	Amount at 31/12/2020 (P)	Increase	Decrease	Amount at 31/12/2021
Building	21.116	-	0	-	21.116
Cars	377	47	-	22	401
Furniture and fixtures	1.314	10	-	-	1.324
Electronic machines	498	578	-	-	1.076
Plants and equipment	632	74	-	-	706
Total tangible assets	23.937	709	0	22	24.624

Amounts in Euro thousand

	Acc. Amort. 31/12/2020 (E)	Acc. Amort. 31/12/2020 (P)	Increase	Decrease	Acc. Amort. 31/12/2021	Book value 31/12/2021
Building	2.480	-	1.289	-	3.769	17.347
Cars	161	-	59	-	220	181
Furniture and fixtures	1.133	7	69	-	1.210	115
Electronic machines	475	380	115	-	970	106
Plants and equipment	585	46	19	-	650	56
Total tangible assets	4.835	434	1.550	-	6.819	17.805

This item includes the measurement of "right-of-use" deriving from the lease contracts on properties that host the company’s premises 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 giving rise to 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

	BUILDING	CARS	TOTAL
Balance at January 1, 2021 (EV)	18.636	216	18.852
Balance at January 1, 2021 (PL)	-	47	47
Depreciation for the year	- 1.242	- 115	- 1.357
Increase for RoU (right of use)	-	2	2
Disposal assets for RoU (right of use)	-	- 15	- 15
Balance at December 31, 2021	17.393	135	17.529

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

Amounts in Euro thousand

	TOTAL 2021
Depreciation of assets for RoU (right of use)	1.357
Interest expense on leasing liabilites	455
Costs on short-term or modest value on leases	60
Total impact on P&L	1.873

iii. Right-of-use liabilities

The following table sets out the maturities of lease liabilities:

Amounts in Euro thousand

	Value at 31.12.2021	Contractual financial flows	of which: by 1 year	of which: from 1 to 5 years	of which: over 5 years
Liability for Right of Use	18.133	7.786	1.632	6.154	13.690

3 Technical provisions borne by reinsurers

The technical provisions borne by reinsurers, including business ceded and retroceded, amounted to €270,608 thousand (€358,481 thousand in 2020), a total decrease of €87,872 thousand compared with 31 December 2020. This reduction is mainly attributable to the maturity process, under way for some years, of the former ERGO Previdenza portfolio ceded to reinsurers.

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020 (E)	Amount at 31/12/2020 (P)	Change for the period
Reserves for Non-Life premiums	-	-	33	- 33
Reserves for Non-Life claims	305	-	354	- 49
Actuarial reserves	222.774	219.663	159	2.952
Reserves for complementary ins. premiums	543	587	-	- 45
Reserve for amounts due	46.756	137.445	-	- 90.689
Reserves for gains on equity investments	230	239	-	- 9
Total Amounts ceded to reinsurers from insurance provisions	270.608	357.935	546	- 87.872

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

Premium provisions 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 payable 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 81.22% covered by deposits related to these reinsurers.

4 Investments

4.2 Equity Investments in subsidiaries, associates and joint ventures

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020 (E)	Amount at 31/12/2020 (P)	Change for the period
Investments in subsidiaries	534	28.842	-28.326	18
Investments in subsidiaries, associated companies and joint ventures	534	28.842	-28.326	18

On 18 December 2019 the acquisition of all the shares of Pramerica Life S.p.A. and its subsidiary Pramerica Marketing S.r.l. (subsequently renamed Eurovita Agenzia Marketing S.r.l.) was completed. The equity investment was recognised at the acquisition price. With the merger by incorporation of Pramerica Life S.p.A. into Eurovita S.p.A. during the year, this item exclusively contains the value of the equity investment in Eurovita Agenzia Marketing S.r.l. valued on the basis of the portion of shareholders' equity attributable to it.

4.4 Loans and receivables

The following table shows the breakdown of loans and receivables totalling €246,677 thousand, by type of investment compared with the corresponding values at the end of the previous financial year of €588,823 thousand (€613,102 thousand in 2020 including the former Pramerica Life).

Amounts in Euro thousand	31/12/2021			31/12/2020 (E)			31/12/2020 (P)		
	Amort. cost	Book value	Fair Value	Amort. cost	Book value	Fair Value	Amort. cost	Book value	Fair Value
Other loans and receivables	11.163	11.163	11.163	21.503	21.503	21.503	4.113	4.113	4.113
Debt securities	166.321	166.321	183.198	494.622	494.622	555.420	20.166	20.166	22.707
Deposits with banking institutions	-	-	-	-	-	-	-	-	-
Deposits with reinsurers	69.193	69.193	93.042	72.698	72.698	98.211	-	-	-
Total Loans and Receivables	246.677	246.677	287.403	588.823	588.823	675.134	24.279	24.279	26.821

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

- loans amounting to €11,163 thousand, which includes €10,769 thousand relating to loans on policies;
- deposits with ceding institutions totalling €69,193 thousand;
- debt securities, including related accrued income, of €166,321 thousand.

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

4.5 Available-for-sale financial assets

A 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	31/12/2021			31/12/2020 (E)			31/12/2020 (P)		
	Amort. cost	Book value	Equity reserve	Amort. cost	Book value	Equity reserve	Amort. cost	Book value	Equity reserve
Debt securities	9.296.502	10.074.326	777.823	7.615.889	8.934.789	1.318.900	1.520.984	1.683.528	162.544
of which, listed	*9.256.314*	*10.035.901*	*779.586*	*7.575.701*	*8.894.819*	*1.319.119*	*1.520.984*	*1.683.528*	*162.544*
UCI units	1.383.131	*1.359.188*	*-23.943*	1.352.456	1.360.884	8.428	0	*0*	*0*
Equity securities at fair value	21.169	21.801	632	21.327	21.368	41	0	0	0
of which, listed	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
of which, not listed	*21.169*	*21.801*	*632*	*21.327*	*21.368*	*41*	*0*	*0*	*0*
Equity investments in affiliated companies	0	0	0	0	0	0	0	0	0
Total Available for Sale Financial Assets	10.700.802	11.455.315	754.512	8.989.672	10.317.041	1.327.369	1.520.984	1.683.528	162.544

Available-for-sale financial assets totalled €11,455 million, compared with €10,317 million in 2020 (€12,001 million, including the former Pramerica Life S.p.A portfolio).

The equity reserve (understood as the difference between amortised cost and fair value) equal to €754,512 thousand at 31 December 2021 (€1,489,913 thousand at the end of the previous financial year) decreased due to the negative change in the interest rate curve and the widening of the spread on Italian government bonds.

"UCI/ETF Units", amounting to €1,359,188 thousand, represent a variety of investment categories that include monetary units/shares (€25,999 thousand), investment grade and high-yield bonds (€510,174 thousand) and other types of closed-end funds or funds with a limited-entry window (€823,015 thousand); the latter are diversified between Private Equity, Infrastructure Equity, Real Estate Equity, Infrastructure Debt, Real Estate Debt, Loan Debt, and Direct Lending subdivided into 37 specialised instruments. The equity reserve for this latter category (-€23,943 thousand) decreased compared with the end of the previous year (€8,428 thousand).

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

Through the impairment test procedure, the Company verified the existence of any conditions that could definitively justify the recognition of permanent losses in value. At 31 December 2021, write-downs of bank investments of €158 thousand (€4,084 thousand in 2020) and of AIF units of €5,221 thousand (€2,462 thousand in 2020) were recognised, the latter being mainly related to Direct Lending sub-funds (€4,780 thousand).

The Company holds investments in private asset funds (mainly private debt) of €823 million, which represent 4.4% of the Investments item.
It should be noted that, in view of valuation uncertainties related to the difficulties faced by some borrowers due to the financial crisis associated with the Covid-19 pandemic, the Company decided to reduce the value of these funds by approximately €38 million compared with the value based on the last available NAVs. Since these are mainly closed-end alternative investment funds (AIFs), it is not possible to request the redemption of units, so any reduction in exposure would be through disposals on the secondary market. In this regard, it should be noted that transactions on the secondary market on closed-end fund units normally take place at values lower than the last available NAVs.

This new valuation will be reviewed on receipt of the audit financial statements of the funds in which the Company has invested.

Finally, it should be noted that, at 31 December 2021, the amount of capital committed by the Company for these investments and not yet actually invested amounted to approximately €185 million.

4.6 Financial assets measured at fair value through profit or loss

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

Amounts in Euro thousand	31/12/2021		31/12/2020	
	Amort. cost	Book value	Amort. cost	Book value
Hedge derivatives	19.166	19.166	42.187	42.187
Non-hedge derivatives	7.320	7.320	8.073	8.073
Debt securities	3.076	3.076	7.947	7.947
of which, listed	*2.974*	*2.974*	2.935	2.935
of which, not listed	*102*	*102*	5.012	5.012
Equity securities at fair value	-	-	-	-
of which, listed	-	-	-	-
Assets held for trading	*29.562*	*29.562*	*58.207*	*58.207*
Debt securities	69.316	69.316	81.946	81.946
of which, listed	*69.316*	*69.316*	*81.946*	*81.946*
of which, not listed	-	-	-	-
UCI units	6.933.093	6.933.093	6.634.940	6.634.940
Equity securities at fair value	27.625	27.625	9.629	9.629
of which, listed	*27.625*	*27.625*	*9.629*	*9.629*
of which, not listed	-	-	-	-
Other Financial investments	17.348	17.348	19.013	19.013
Assets designated at fair value	*7.047.382*	*7.047.382*	*6.745.528*	*6.745.528*
Total Financial Assets at Fair Value through profit or loss	7.076.944	7.076.944	6.803.735	6.803.735

Financial assets measured at fair value through profit or loss totalled €7,076,944 thousand, compared with €6,803,735 thousand in 2020.

Among the investments held for trading, the item Debt securities includes structured bonds where it was decided not to strip out the embedded derivatives (€3,076 thousand) in addition to derivative components (€7,320 thousand) stripped out from structured products classified under loans and receivables. The "Hedge derivatives" item refers to the positive positions of forward hedging contracts entered into during 2017 and 2021 (€19,166 thousand), which deteriorated by a total of €34,988 thousand compared with the previous financial year if considered after deducting the item recognised in financial liabilities for contracts with a negative value; the relevant change in fair value was booked to shareholders' equity in the for cash flow hedge reserve item. During 2021, nine forward contracts expired, which led to related changes in the underlying bonds classified under the Available-for-sale assets item.

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

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

A restatement of the overall bond portfolio by issuer risk follows but does not take into account the Assets designated at fair value portion:

Amounts in Euro thousand

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

5. Sundry receivables

5.1 Receivables deriving from direct insurance transactions

The breakdown is as follows:

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020	Amount at 31/12/2020	Change for the period
Receivables from policyholders for late premium payments	24.165	25.567	2.759	- 4.161
Receivables from insurance brokers	1.387	1.944	95	- 653
Total Receivables arising out of direct insurance operations	25.552	27.511	2.854	- 4.814

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

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

The balance of receivables from agents arising from direct insurance transactions takes into account the provision for bad debts of €2,142 thousand; for 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 31/12/2021	Amount at 31/12/2020	Amount at 31/12/2020	Change for the period
Receivables from policyholders for late premium payments	1.442	1.883	216	- 658
Receivables from insurance brokers	2.142	2.293	-	- 151
Total Allowance for doubtful accounts	3.584	4.177	216	- 809

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

It should also be noted that arrears exceeding 12 months were written down exclusively for the portion of receivables not in the provision.

5.2 Receivables deriving from reinsurance transactions

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020	Amount at 31/12/2020	Change for the period
Receivables reinsurance companies	32.786	3.365	54	29.367
Receivables from reinsurance brokers	246	246	-	-
Total Receivables arising out of reinsurance operations	33.031	3.610	54	29.367

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

5.3 Other receivables

“Other receivables” amounted to €62,289 thousand, compared with €70,565 thousand in 2020.

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020	Amount at 31/12/2020	Change for the period
Tax credit	24.360	23.904	80	375
Receivables from financial operators	9.874	8.591	-	1.282
Other receivables	28.055	37.142	847	- 9.933
Total Other receivables	62.289	69.638	927	- 8.276

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

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020	Amount at 31/12/2020
Receivables for prepaid tax stamp	16.222	9.496	- 2
Tax credit for refund claims	2.582	8.790	-
Interest on tax credit for refund claims	1.787	1.963	-
Tax credit claimed as a refund	1.312	1.853	-
Withholding tax	513	9	-
Insurance tax credit	1.862	1.739	-
Other tax credit	82	55	83
Total Tax Credit	24.360	23.904	81

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

The decrease in the Other receivables item includes €8,823 thousand for cash-pooling transactions carried out with the Parent Company during the financial year to improve cash flow efficiency, and a €253 thousand decrease in receivables for the rebilling of costs between the Group companies.

6. Other asset items

6.2 Deferred acquisition costs

Deferred acquisition costs on insurance contracts amounted to €22,678 thousand, compared with €49,828 thousand in 2020.

The breakdown is as follows:

Amounts in Euro thousand

Insurance Products	Amount at 31/12/2020 (E)	Amount at 31/12/2020 (P)	Unwind due to renewal failure	Unwind for installment amort.	New Business	Amount at 31/12/2021
Direct business	37.187	12.641	5.284	21.888	22	22.678
Indirect business	-	-	-	-	-	-
Total Deferred Acquisition Costs	37.187	12.641	5.284	21.888	22	22.678

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 seen from the above breakdown, net of the contribution of the former subsidiary Pramerica Life S.p.A., the change during the year is mainly attributable to the amortisation of generations in previous years.

6.3 Deferred tax assets

In accordance with IAS 12, deferred and prepaid taxes have been offset when they refer to the same type of tax. For the year 2021, deferred taxes exceeded prepaid taxes, entailing a liability of €41,175 thousand. The net balance was also negative in the previous year and €36,402 thousand was recognised for this item under liabilities (€42,419 thousand including the former Pramerica Life).

6.4 Current tax assets

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020	Amount at 31/12/2020	Change for the period
I.R.E.S. (corporate income tax) credit	1.441	-	800	642
I.R.A.P. (regional tax on productive activities) credit	5.202	3.973	246	983
Tax credit on actuarial reserves	276.278	266.264	26.030	- 16.017
Total Tax receivables	282.921	270.237	27.075	- 14.392

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

6.5 Other assets

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020	Amount at 31/12/2020	Change for the period
Comm. to be amort. on invest. contracts	40.945	44.688	-	- 3.743
Prepayments	6.123	5.769	414	- 60
Accrued income	1.440	1.508	-	- 68
Deferred income	24.298	55.199	- 0	- 30.901
Total Other assets	72.806	107.164	414	- 34.772

The item decreased by €34,772 thousand, mainly due to the €29,960 thousand decrease in deposits on forward contracts, the €941 thousand decrease attributable to securities to be settled over two years (including in the Other assets item) and a €3,743 thousand decrease in deferred acquisition costs relating to contracts classified as Investments.

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

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

Amounts in Euro thousand

Investment Products	31/12/2020 (E)	31/12/2020 (P)	Changes in portfolio	Unwind for installment amort.	New Business	31/12/2021
DOC	44.688	-	5.115	10.164	11.536	40.945

7 Cash and cash equivalents

Cash and cash equivalents, equal to €35,478 thousand (compared with €27,159 thousand at the end of the previous financial year, including the former Pramerica S.p.A. portion), is made up of the balances of ordinary current accounts held with various banking institutions, cheques and cash in hand, which increased by €8,319 thousand in total. Particular attention was paid to the management of banking risk, which generally translated into a reduction in deposits and a reduction in diversification towards individual exposures, despite the levels at the end of the financial year being affected by the usual investment difficulties in 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				
		-		-
Other receivables				
Eurovita Agenzia Marketing Srl		2		2
Eurovita Holding SpA	23.651			23.651
Prepayment				
Total Assets	23.651	2	-	23.653
Liabilities				
Payables arising from direct insurance transactions				
Eurovita Holding SpA	1.798			1.798
Other payables				
Eurovita Holding SpA	8.870			8.870
Total Liabilities	10.668	-	-	10.668

Liabilities

1 Shareholders' equity

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

It should be noted that the Shareholders' Meeting held on 30 April 2021 resolved to allocate the profit for the year 2020, amounting to €11,207 thousand, to retained earnings.

The following table shows a breakdown of shareholders' equity and the related changes during the course of 2021:

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020	Change for the period
Share Capital	90.499	90.499	-
Share premium reserve	38.387	38.387	-
Reserves for capital contributions	242.462	242.462	-
Legal reserve	18.100	18.100	-
Own share	-	-	-
Organization fund	516	516	-
Reserve for Retained Earning	158.474	62.613	95.861
AFS reserve	47	33.461	-33.415
IAS 19 reserve	28	-51	79
Reserve for expected cash flow transactions	20.262	209	20.052
Result of the period	36.349	11.207	25.142
Total Shareholders' Equity	**605.123**	**497.403**	**107.720**

The main changes are due to:

- an increase in the retained earnings reserve due to the allocation of the 2020 profit for the year of €11,207 thousand, together with the merger balances of the former subsidiary Pramerica Life S.p.A. of €84,654 thousand;
- a decrease in the AFS reserve (net of the shadow accounting effect and the related deferred/prepaid taxes) totalling €33,415 thousand related to the market trend and to the sale of securities recognised in the class;
- a positive change in the cash flow hedge reserve totalling €20,052 thousand relating to changes in the fair value of derivative financial instruments generated as part of cash flow hedging, net of shadow accounting and deferred tax effects;
- an increase in retained earnings for the year of €25,142 thousand compared with the previous year (from €11,207 thousand to €36,349 thousand).

With reference to the cash flow hedge transactions reserve 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	42.187	-94.114	0	52.229	-93	209

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	19.166	-36.104	0	46.226	-9.026	20.261

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	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	158.474	A, B, C	158.474		
Reserve for fin. assets held for sale	47		0		
IAS 19 reserve and Cash flow hedge	20.290		0		
Total	568.774		457.939		
Non-distributable portion			18.616		
Residual distributable portion			439.322		

(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 €0.40.

2 Provisions

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020 (E)	Amount at 31/12/2020 (P)	Change for the period
Provisions	12.918	23.499	155	-10.736
Total Other Provisions	12.918	23.499	155	-10.736

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

Provisions recorded a total decrease of €10,736 thousand, from €23,654 thousand in 2020 to €12,918 thousand.

The change is due to new provisions of €1,511 thousand and utilisations of €12,401 thousand during the period.

The following is a summary of changes in provisions for risks from 31 December 2020 to 31 December 2021 of Eurovita S.p.A. and Pramerica Life S.p.A. showing amounts set aside and utilisations by type of risk:

Amounts in Euro thousand

	Amount at 31/12/2020	Increase		Decrease	Amount at 31/12/2021
Tax litigation	1.224	-	-	1.224	0
Provisions for defaulted index-linked policies	2.362	-	-	65	2.297
Sundry disputes with third parties	5.688	300	-	4.400	1.588
Dormant policies	*1.000*	-		-	*1.000*
Other accruals	*4.688*	*300*	-	*4.400*	*588*
Agency network provisions	6.440	311	-	3.470	3.280
Agents' pension scheme	*4.957*	-	-	*3.470*	*1.487*
Agency network restructuring	*1.482*	*311*		-	*1.793*
Litigation with agency network	847	-	-	261	586
Sundry disputes with customers	2.438	600	-	300	2.738
Other personnel provisions	4.656	300	-	2.527	2.429
Total Provisions	23.654	1.511	-	12.246	12.918

The most significant changes that occurred during financial year 2021 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 for the tax dispute relating to the refusal to refund the 1998 IRAP payment, the relevant interest and the estimated legal expenses. The appeal was rejected by the Rome Provincial Tax Commission and in 2021 the Lazio Tax Commission also refused a refund. Given that the company had already allocated a provision in 2015 that fully covered the amount of the receivable, and having consulted tax advisors, it deemed it appropriate to write off the position and not pursue the case in the Court of Cassation.
- during 2020, the Court of Cassation confirmed the decisions already issued by the Rome Provincial Tax Commission and the Rome Regional Tax Commission regarding the right to obtain IRES and IRAP refunds for the years 2003 and 2004 amounting to €1,892 thousand plus accrued interest. During 2021, the Italian Revenue Agency refunded all the credit for 2004, amounting to €330, plus interest of €104, and the 2003 IRAP credit, amounting to €211, plus interest of €75. The Company is still awaiting a refund of the 2003 IRES credit of €1,352 plus interest.

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

- The Company, having consulted a number of tax advisors, decided to write off the position of €369 thousand relating to the higher IRAP amount determined by the Italian Revenue Agency in relation to the dispute regarding the 2007 tax year, for which the Company had lodged an appeal with the Milan Provincial Tax Commission, which was rejected, and the appeal lodged with the Milan Regional Tax Commission, which was also rejected. In 2015, the Company had appealed to the Court of Cassation, against which the Italian Revenue Agency filed a counterclaim.

Miscellaneous disputes with third parties:

The amounts relate to appropriations made for certain or probable legal actions to cover the risks of an adverse outcome in ongoing disputes with suppliers and third parties, as well as appropriations relating to projects to streamline the existing portfolio, specifically with regard to contracts with significant guaranteed minimum payments. The change during the year is due to the definition of certain positions for the renewal of clauses on capitalisation contracts in the amount of €4 thousand thousand.

Provisions for defaulted index-linked products:

Provision for index-linked policies with a defaulted bond component whose holders have not yet responded to customer care initiatives and for which individual settlement agreements will be defined in the future. During the year, amounts of €65 thousand were paid and the total amount set aside at 31 December 2021 was €2,297 thousand.

Agency network provisions:

- Pension provision for agents: includes the provision for retirement benefits covering employee severance indemnities in respect of the former subsidiary Agenzia Eurovita S.r.l., a company merged by incorporation into Eurovita Holding S.p.A. in the current year. As provided for in the National Agents Agreement, during the year the company paid off a share of 70%, amounting to €3,470 thousand, reducing the exposure to €1,487 thousand, which will be disbursed in 2022.
- Restructuring of the agency network: following the closure of the agency channel, in the fourth quarter of the previous year, additional provisions of €311 thousand were made during the year for restatements and additional expenditure forecasts for the portfolio being wound up.

Miscellaneous agency network disputes:

Provisions for litigation with the agency network. This includes allocations for the risk of losing pending disputes with former agents. The provision decreased by €261 thousand due to drawings related to the settlement of a number of disputes.

Miscellaneous customer disputes:

This reserve includes provisions set aside for the risk of losing pending disputes with policyholders, which amounted to €2,738 thousand at 31 December 2021. The change during the financial year mainly relates to new provisions of €600 thousand and to decreases due to drawings of €300 thousand to settle disputes.

Other provisions relating to personnel:

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

3 Technical provisions

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020 (E)	Amount at 31/12/2020 (P)	Change for the period
Insurance provisions - Life	11.098.050	9.853.207	1.293.887	- 49.044
Insurance provisions - Non-Life	788	-	1.063	- 276
Shadow accounting	924.088	1.309.796	336.990	- 722.698
VIF - Value in force	78.734	118.768	-	- 40.034
Total Insurance Provisions	12.101.659	11.281.771	1.631.940	- 812.052

Total technical provisions decreased from €12,914 million in 2020 to €12,102 million at 31 December 2021, due to the following changes:

- technical provisions, net of the LAT effect, decreased by €108 million due to negative net premiums;
- the LAT provision increased by €59 million due to the steepening of the interest rate curve;
- shadow accounting decreased due to lower unrealised capital gains and the lower retrocession rates calculated for segregated funds in accordance 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.

A breakdown by type of technical provisions, setting out the corresponding value for the previous financial year, is shown below.

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020 (E)	Amount at 31/12/2020 (P)	Change for the period
Reserves for Non-Life premiums	-	-	154	-154
Reserves for Non-Life claims	763	-	884	-121
Reserves for Non-Life expenses claims	25	-	25	-0
Actuarial reserves	9.927.012	8.745.004	1.281.340	-99.333
Reserve for premium recoveries	46.927	31.921	-	15.005
Reserve for rate expiry risk	24.317	18.745	792	4.780
Reserve per demographic basis adjustments	7.708	9.999	-	-2.292
Reserves for direct business	69.193	72.699	-	-3.506
Reserves for special redemptions	121	444	-	-323
Reserve for mortality risk	2.364	7.078	-	-4.713
Reserves for future expenses	45.410	28.253	7.247	9.910
Reserves for Class D	758.510	615.966	-	142.544
Reserves for supplementary insurance	3.276	4.319	61	-1.103
Reserve for amount to be paid	152.921	317.498	4.444	-169.020
LAT - Liability Adequacy Test	60.290	1.280	4	59.006
Shadow accounting reserve	924.088	1.309.796	336.990	-722.698
VIF	78.734	118.768	-	-40.034
Total	12.101.659	11.281.771	1.631.940	-812.052

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

Pursuant to the provisions contained in paragraph 3 of Article 11-*bis* of ISVAP Regulation No. 7 of 13 July 2007 and paragraph 15 of IFRS 4, the adequacy of the insurance liability was tested at 31 December 2021 according to the principles of the Liability Adequacy Test (LAT).

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

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

The **statutory reserve** equal to the sum of the following items:

Mathematical provision, including revaluation, provision for expenses and additional provision for expenses, additional provision for insufficient demographic bases, additional provision for insufficient rates and for timing differences, and the shadow accounting provision.

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

The **value in force** of portfolios linked to insurance products.

The test was carried out on the **closed** portfolio existing at 31 December 2021.

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

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

(-) present value of premiums

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

The approach adopted for the computation of technical items useful for the implementation of the LAT is, for each product line, based on a calculation model that values 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 differentiating factors, 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 for 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 contractual conditions on the basis of the one-year forward rate curve obtained from the spot curve derived in the manner 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 opted 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 account, according to the percentage of reserves in the financial statements of the modelled contracts.

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

The adequacy testing of insurance liabilities according to the principles of the Liability Adequacy Test (LAT), carried out using the method set out above, proved they were sufficient for all business lines except for Eurovita Nuovo PPB and 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	3.778.148	261.035	46.158	1.757	3.731.556	352.029
Eurovita Primariv	1.589.800	175.175	60.338	0	1.824.275	1.038
Eurovita Nuovo Secolo	2.879.659	244.888	0	10.357	2.627.826	486.364
Eurovita Nuovo PPB	405.699	29.854	0	0	493.251	-57.697
Eurovita 2000	9.427	2.553	0	0	14.573	-2.593
Eurovita Futuriv	12.977	1.281	-2.723	0	11.335	200
Eurovita Smart	36.105	2.920	-33	0	35.430	3.562
Fondo Eurovita	91.886	24.550	9.731	0	104.726	21.440
Eurovita Financial	1.159.605	177.330	-40.596	8.836	1.084.647	202.857
Eurovita Previ	18.885	4.236	1.345	0	21.402	3.063
Unit Linked	761.434	0	-544	0	595.832	165.059
Altre Forme	65.170	0	-38.983	1.728	24.459	0
Lavoro Indiretto	69.193	0	0	0	63.047	6.146
TOTALE	10.877.990	923.822	34.693	22.678	10.632.358	1.181.469

4. Financial liabilities

4.1 Financial liabilities measured at fair value through profit or loss

A breakdown of this item is shown below:

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020 (E)	Amount at 31/12/2020 (P)	Change for the period
Financial liabilities - Investment contracts	6.344.218	6.176.135	-	168.083
Non-hedge derivatives	-	-	-	-
Hedge derivatives	36.104	94.114	-	- 58.010
Total fin. liabilities at fair value through profit or loss	6.380.322	6.270.249	-	110.073

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

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

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

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

Actuarial Reserve at 31/12/2020	6.176.135
Change in reserve for premiums collected for the year	650.292
Change in reserve for liquidation for the year	-850.862
Change in reserve as a result of revaluation	367.974
Change in reserve for amounts to be paid	-8.808
Changes in portfolio	9.486
Balance sheet reserve 31/12/2021	6.344.218

4.2 Other financial liabilities

A breakdown of this item is shown below:

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020 (E)	Amount at 31/12/2020 (P)	Change for the period
Subordinated liabilities	158.852	158.779	11.362	-11.290
Deposits Forward	2.680	0	0	2.680
Deposits received from reinsurers	219.790	215.101	0	4.689
Total Other financial liabilities	381.322	373.881	11.362	- 3.921

Other financial liabilities amounted to €381,322 thousand, compared with €385,243 thousand in the previous year.

The item includes deposits received from reinsurers of €219,790 thousand, up by €4,689 thousand compared with 2020, mainly due to the increase in ceded mathematical provisions. Provisions for amounts payable by reinsurers do not affect the trend observed for deposits.

The remuneration of deposits is essentially linked to certified rates of return on segregated funds.

The following table sets out details of subordinated loans at 31 December 2021 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 31/12/2021
Bond loan	5.000	01/10/2015	01/10/2025	4,75%	5.009
Bond loan	40.000	22/12/2015	22/12/2025	6,00%	40.229
Bond loan	115.000	21/02/2020	21/02/2030	6,75%	113.614
Total Subordinated liabilities	160.000				158.852

5 Payables

Payables amounted to €109,707 thousand at 31 December 2021, compared with €167,124 thousand including Pramerica S.p.A. in 2020.

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020 (E)	Amount at 31/12/2020 (P)	Change for the period
Payables arising out of direct insurance operations	29.278	25.563	5.161	- 1.445
Payables arising out of reinsurance operations	18.529	69.267	793	- 51.530
Sundry payables	61.900	59.707	6.633	- 4.440
Total payables	109.707	154.537	12.587	- 57.416

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 2022.

5.2 Payables deriving from reinsurance transactions

Payables deriving from reinsurance transactions, which decreased from €70,060 thousand in the previous year to €18,529 thousand in 2021, include payables to reinsurers for risk premium and commercial treaties and for indirect business. The €51,530 thousand decrease compared with the previous year was mainly due to the phenomenon described in the receivables section relating to the suspension of adjustments to the statements of account for last year and this year for the main treaties.

5.3 Other payables

The following table shows a breakdown by category:

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020 (E)	Amount at 31/12/2020 (P)	Change for the period
Employees' severance indemnities	920	1.053	808	-941
Tax payables borne by policyholders	230	124	-	106
Sundry tax liabilities	12.470	5.840	312	6.318
Payables to pension and social security institutions	1.916	1.726	84	106
Sundry payables	46.365	50.965	5.429	-10.029
Total Other payables	61.900	59.707	6.633	-4.440

Employee severance indemnities

Payables for employee severance indemnities amounted to €920 thousand (€1,861 thousand in 2020). The balance includes an estimate of such indemnities, calculated in line with IFRS accounting principles. The decrease compared with the previous year is mainly due to staff departures at the beginning of the year due to redundancy incentives/use of the solidarity fund.

Tax payables borne by policyholders

Tax payables borne by policyholders amounted to €230 thousand (€124 thousand in 2020).

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 in December for the 2022 payment on account compared with the amount paid in the previous year for 2021 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 €12,470 thousand (€6,152 thousand in 2020). The increase mainly reflects stamp duty payable of €8,444 thousand and lower withholdings on payments relating to redemptions and maturities of €1,912 thousand.

Payables to pension and social security institutions

This item includes payables to INPS for contributions payable by employees and the Company, amounting to €1,916 thousand, compared with €1,810 thousand in 2020.

Sundry payables

Miscellaneous payables, which amounted to €46,365 thousand, decreased by €10,029 thousand compared with the previous year, mainly due to settlement, in the first few weeks of the year, of the dispute related to the former registered office in Rome, totalling €3,621 thousand, the decrease in payables to outgoing staff of €1,672 thousand and the reclassification to "other liabilities" of the costs of participants in the employee solidarity fund procedure of the former subsidiary Pramerica Life S.p.A. of €1,508 thousand, as well as the decrease in payables for the secondment of personnel to the other Group companies of €680 thousand, and a change in future rental instalments for the Company's registered office and cars following the application of IFRS 16 of €1,194 thousand.

The following table shows the breakdown of this item at 31 December 2021:

Valori espressi in migliaia di Euro

	Valore al 31/12/2021	Valore al 31/12/2020 (E)	Valore al 31/12/2020 (P)
Debiti vs fornitori e Fatture da ricevere	10.916	10.464	1.306
Debiti verso dipendenti	3.812	3.542	1.902
Debiti per commissioni unit	1	343	-
Debiti diversi	4.282	7.773	1.508
Altri debiti	27.354	28.843	713
Totale Debiti diversi	**46.365**	**50.965**	**5.429**

6 Other liability items

6.2 Deferred tax liabilities

In accordance with IAS 12, deferred and prepaid taxes were 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 (€41,175 thousand), while in 2020 this item was also recognised under liabilities (€36,402 thousand).

Prepaid and deferred tax assets/liabilities mainly derive from the temporary differences on value adjustments on taxed risk provisions, deferred commission income and expense, the valuation of "long-term" securities according to tax principles, the valuation of securities available for sale, and shadow accounting, 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 €28,603 thousand on temporary net differences of €119,178 thousand and taxes calculated by applying the 6.82% IRAP rate amounted to €12,572 thousand calculated on temporary net differences of €184,345 thousand.

Compared with the previous year, the increase in net deferred tax liabilities with changes recognised as a balancing entry in the income statement (€10,669 thousand) is mainly due to:

- a decrease of €2,746 thousand in prepaid taxes on the provision for bad debts and on taxed risk provisions;
- a €347 thousand decrease in prepaid taxes on deferred commission income;
- a €3,379 thousand decrease in prepaid taxes for tax losses;
- a €3,424 thousand increase in prepaid taxes on mathematical provisions;
- a €1,837 thousand decrease in prepaid taxes for securities of acquired companies;
- a €12,339 thousand decrease in prepaid taxes on a negative value in force;
- a €40,943 thousand increase in prepaid taxes on shadow accounting;

- a total €22,412 thousand increase in deferred taxes on capital gains on AFS securities;
- a €1,154 thousand decrease in deferred taxes on commission expense;
- a €13,146 thousand increase in deferred taxes on a positive value in force.

It should be noted that, with respect to an increase in the balance of net deferred tax liabilities of €10,669 thousand, the overall change recognised in the income statement for 2021 was revenue of €6,390 thousand (reduction in deferred tax liabilities), as the effects of the merger by incorporation of the former Pramerica Life S.p.A. resulted in the recognition of an initial balance of deferred tax liabilities of €17,059 thousand.

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 €5,896 thousand, were as follows:

- a decrease in prepaid taxes due to the change in the shadow accounting provision recognised in shareholders' equity (OCI) of €159,854 thousand
- a €165,750 thousand decrease in deferred taxes on capital gains on AFS securities.

	Fiscal year 2021			Fiscal year 2020			Change due to
Breakdown of prepaid taxes	Amount of temporary differences	Rate	Tax effect	Amount of temporary differences	Rate	Tax effect	tax effect 2021-20
Taxed provisions for write-downs and risks	21.305	24,00%	5.113	32.745	24,00%	7.859	- 2.746
Taxed provisions for write-downs and risks	1.742	6,82%	119	1.374	6,82%	94	25
Other intangible assets	-	30,82%	-		30,82%	-	-
Deferred commission income	1.915	30,82%	590	3.041	30,82%	937	- 347
Tax losses to be carried forward	-	24,00%	-	14.081	24,00%	3.379	- 3.379
Change in actuarial provisions	56.858	24,00%	13.646	42.592	24,00%	10.222	3.424
Other payables	-	24,00%	-		24,00%	-	-
Intangible assets	19	24,00%	4	59	24,00%	14	- 10
Financial Assets incorporated	3.663	24,00%	879	11.317	24,00%	2.716	- 1.837
Negative value in force	78.734	30,82%	24.266	118.768	30,82%	36.604	- 12.339
Liabilities to policyholders (shadow accounting)	215.871	30,82%	66.531	83.025	30,82%	25.588	40.943
Liabilities to policyholders (shadow accounting) to P&L		30,82%	-		30,82%	-	-
Losses on equity investment valuations		24,00%	-		24,00%	-	-
Prepaid taxes offset in IS	380.107		111.149	307.001		87.414	23.735
Liabilities to policyholders (shadow accounting)	708.218	30,82%	218.273	1.226.771	30,82%	378.091	- 159.818
Severance pay	- 41	30,82%	- 13	74	30,82%	23	- 35
Other items		30,82%	-		30,82%	-	-
Losses on AFS securities and IAS 19 Reserve	-	30,82%	-	-	30,82%	-	-
Prepaid taxes offset in SE	708.177		218.260	1.226.845		378.114	- 159.854
Total prepaid taxes	1.088.284		329.409	1.533.846		465.528	- 136.118

	Fiscal year 2021			Fiscal year 2020			Change due to
Breakdown of deferred taxes	Amount of temporary differences	Rate	Tax effect	Amount of temporary differences	Rate	Tax effect	tax effect 2021-20
Gains on AFS securities	322.051	30,82%	99.256	246.945	30,82%	76.108	23.148
Gains on AFS securities	14.937	24,00%	3.585	18.005	24,00%	4.321	-736
Gains on AFS securities to P&L		30,82%	0		30,82%	0	0
Deferred commission expense	30.271	30,82%	9.330	34.014	30,82%	10.483	-1.154
Positive value in force	101.102	30,82%	31.160	58.447	30,82%	18.013	13.146
Severance indemnity	-	24,00%	0	-	24,00%	0	0
Other items	-	30,82%	0	-	30,82%	0	0
Deferred taxes offset in IS	468.361		143.330	357.410		108.926	34.404
Gains on AFS securities from P&L	-	30,82%	0	-	30,82%	0	0
Liabilities to policyholders (shadow accounting)	-	30,82%	0	-	30,82%	0	0
Positive value in force	-	30,82%	0	-	30,82%	0	0
Deferred commission expense	-	30,82%	0	-	30,82%	0	0
Other items	-	30,82%	0	-	30,82%	0	0
Gains on AFS securities	737.359	30,82%	227.254	1.275.158	30,82%	393.004	-165.750
Deferred taxes offset in SE	737.359		227.254	1.275.158		393.004	-165.750
Total prepaid taxes	1.205.720		370.584	1.632.568		501.930	-131.345

	Fiscal year 2021			Fiscal year 2020			Change due to
Breakdown of deferred / prepaid taxes	Amount of temporary differences	Rate	Tax effect	Amount of temporary differences	Rate	Tax effect	tax effect 2021-20
Prepaid taxes offset in IS	380.107		111.149	307.001		87.414	23.735
Deferred taxes offset in IS	-468.361		-143.330	-357.410		-108.926	-34.404
Prepaid / deferred taxes offset in IS	-88.254		-32.181	-50.409		-21.512	-10.669
Prepaid taxes offset in SE	708.177		218.260	1.226.845		378.114	-159.854
Deferred taxes offset in SE	-737.359		-227.254	-1.275.158		-393.004	165.750
Prepaid / deferred taxes offset in SE	-29.183		-8.994	-48.313		-14.890	5.896
Total prepaid / deferred taxes	-117.436		-41.175	-98.722		-36.402	-4.773

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 €47,578 thousand (€41,863 thousand in the previous year), which remained unpaid at year-end, and the estimated IRAP for the year of €5,474 thousand.

6.4 Other liabilities

The breakdown of this item is shown below:

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020 (E)	Amount at 31/12/2020 (P)	Change for the period
Deferred commission income	2.449	3.574	-	- 1.125
Suspended premiums collected	21.265	33.918	361	- 13.015
Commissions to be paid on late premiums	-	-	-	-
Commission bonuses and agency network contributions	131	3.224	-	- 3.093
Personnel expenses	5.285	3.536	335	1.415
Accrued liabilities and deferred income	8.538	8.475	518	- 455
Other	2.956	667	660	1.629
Total Other Liabilities	40.623	53.394	1.875	- 14.645

This item mainly includes outstanding premiums, where the issue of the relevant policies or identification of the reason for collection is pending, down by €21,265 thousand, personnel costs of €5,285 thousand, up due to the reclassification from "Other payables" of the remainder of the payable relating to subsequent years for costs for personnel participating in the redundancy incentive procedure/use of the fund of the former subsidiary Pramerica Life S.p.A. of €1,508, and accrued expenses and deferred income of €8,538 thousand.

The changes in commission income on investment contracts are attached:

Amounts in Euro thousand

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

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

5.F Information on the income statement at 31 December 2021

The income statement balances at 31 December 2021 have been compared with those of 31 December 2020 on a like-for-like basis: therefore, where necessary information relating to the former subsidiary Pramerica Life S.p.A. (P) has also been included in the table, together with that of Eurovita S.p.A. (E).

1 Net premiums

1.1.1 Gross earned premiums

A breakdown of this item is shown below:

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020 (E)	Amount at 31/12/2020 (P)	Change	Ch. %
Non-life premiums	197	-	822	- 625	-76%
Annual premiums in the first year	6.206	27.538	7.416	- 28.748	-82%
Annual premiums in subsequent year	182.267	141.910	62.680	- 22.322	-11%
Single premiums	831.085	1.018.097	67.078	- 254.090	-23%
Total direct business	**1.019.756**	**1.187.546**	**137.995**	**- 305.785**	**-23%**
Premiums on reinsured risks (indirect business)	4.015	4.626	-	- 611	-13%
Total gross earned premiums	1.023.771	1.192.172	137.995	- 306.397	-23%

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

Amounts in Euro thousand

IAS Classification (in Euro thousand)	Premiums in subsequent years	Premiums in the first year	Total
Supplementary	25	2.974	2.998
Indirect business	-	4.015	4.015
Insurance	11.870	138.701	150.571
Investment DPF	826.908	39.279	866.187
Grand total	838.802	184.968	1.023.771
Investment	642.632	8.218	650.850
Grand total	1.481.434	193.187	1.674.621

1.1.2 Earned premiums ceded to reinsurers

Premiums ceded to reinsurers amounted to €14,742 thousand, increasing by €763 thousand compared with 2020 (decreasing by €50 thousand including the former Pramerica Life).

A breakdown of net premiums is attached together with the corresponding value for the previous period.

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020 (E)	Amount at 31/12/2020 (P)	Change	Ch. %
Direct and indirect business	1.023.771	1.192.172	137.995	- 306.397	-23%
Ceded and retroceded Non-life business	- 41	-	- 173	132	-76%
Ceded and retroceded Life business	- 14.701	- 13.979	- 640	- 81	1%
Total preserved business	1.009.029	1.178.192	137.182	- 306.346	-23%

1.2 Commission income

Commission income on financial products, net of amortisation of commission income in previous years, amounted to €138,574 thousand (€125,430 thousand at 31 December 2020). The increase was mainly due to higher average assets under management of €224 million, which generated higher management fees of €13,815 thousand and higher commission rebates relating to the Class D portfolio under management with external asset managers of €2,418 thousand, partially offset by lower front loading of €3,090 thousand.

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

A breakdown of this item is shown below:

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020 (E)	Amount at 31/12/2020 (P)	Change
Net income from financial instruments at fair value through profit or loss	60.882	9.854	-	51.028

This item essentially consists of net income from investments designated at fair value but not covering provisions whose risk is borne by policyholders.

For the sake of completeness, it should be noted that the category of investments designated at fair value to cover provisions whose risk is borne by policyholders amounted to €533,039 thousand, benefiting from the positive performance of markets in which the portfolio assets of the unit-linked external and internal funds are invested. This was markedly higher than the financial result recorded in the previous year (€241,663 thousand), which had been partly affected by the uncertainties related to the financial crisis caused by the Covid-19 pandemic.

"Assets held for trading" generated a loss of €513 thousand, compared with a loss of €3,258 thousand in the previous financial year.

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

Amounts in Euro thousand

	31/12/2021					31/12/2020				
Investment Income	Interest income	Other income	Realized gains	Valuation gains	Total	Interest income	Other income	Realized gains	Valuation gains	Total
Held for trading	-	208	-	33	**241**	-	222	474	2.764	**3.460**
Designated at Fair Value	8.067	21	158.901	492.224	**659.213**	8.999	0	68.827	447.851	**525.677**
Restatement of financial products	-	- 471.644	-	-	- 471.644	-	- 235.067	-	-	- 235.067
Total Income from financial instruments at fair value through profit or loss	8.067	- 471.415	158.901	492.257	187.810	8.999	- 234.845	69.301	450.615	294.070

Amounts in Euro thousand

	44.561					31/12/2020 (E)				
Investment Charges	Interest expense	Other charges	Realized losses	Valuation losses	Total	Interest expense	Other charges	Realized losses	Valuation losses	Total
Held for trading	-	-	-	- 754	- **754**	-	-	- 66	- 136	- **202**
Designated at Fair Value	-	- 17.993	- 33.655	- 74.526	- **126.174**	-	- 15.963	- 181.368	- 86.683	- **284.014**
Restatement of financial products	-	-	-	-	-	-	-	-	-	-
Total Expenses from financial instruments at fair value through profit or loss	-	- 17.993	- 33.655	- 75.280	- 126.928	-	- 15.963	- 181.433	- 86.819	- 284.215

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, together with the corresponding values at the end of the previous financial year:

Amounts in Euro thousand

	31/12/2021					31/12/2020 (E)					31/12/2020 (P)				
	Interest income	Other income	Realized gains	Valuation gains	Total	Interest income	Other income	Realized gains	Valuation gains	Total	Interest income	Other income	Realized gains	Valuation gains	Total
Available for sale financial assets	171.146	30.966	76.483	-	**278.595**	156.045	25.337	74.156	-	**255.538**	21.292	-	206	-	**21.498**
Loans and receivables	16.864	22	-	-	**16.886**	20.756	1	-	-	**20.757**	591	-	-	-	**591**
Total Income from other financial instruments and land and buildings (investment properties)	188.010	30.988	76.483	-	295.481	176.801	25.338	74.156	-	276.295	21.883	-	206	-	22.089

Ordinary income from the "Available-for-sale financial assets" and "Loans and receivables" category (€218,998 thousand) decreased by 2.2% compared with the previous year (€224,022 thousand), with profitability (+2.06%) in line with the previous year (+2.09%) and an increase in average duration (10.8

compared with 10.2 in 2020). Gains on disposals were substantial (€76,483 thousand), in line with the previous year (€74,362 thousand).

1.6 Other revenues

A breakdown of other revenues is as follows:

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020	Amount at 31/12/2020	Change	Ch. %
Other technical income	22.092	22.084	30	-22	0%
Withdrawals from provisions	12.409	4.871	2.007	5.531	80%
Contingent assets	2.043	2.422	131	-510	-20%
Other revenues	2.327	2.700	1.094	-1.467	-39%
Total Other income	38.871	32.077	3.262	3.532	10%

As shown in the table above, "Other revenues" decreased by €3,532 thousand. A breakdown of the item follows:

- “Other technical income” of €22,092 thousand, mainly including management fees on internal Class D funds of €17,137 thousand and fees of €3,688 thousand retroceded by mutual fund managers and included in investments for policyholders.
- “Withdrawals from funds” of €12,409 thousand, mainly comprising €4,300 thousand for the settlement of customer disputes, €3,470 thousand for payment of the end-of-service allowance to the former subsidiary Agenzia Eurovita S.r.l., €1,224 for the closure of tax disputes and a total of €2,527 thousand for the payment of employee retention bonuses;
- “Other revenues” of €2,327 thousand, mainly including the recovery of expenses from Group companies for personnel secondment and the reimbursement of costs incurred on behalf of indirect parent company, Flavia Holdco Limited, for the due diligence transactions carried out on companies of interest during the year;
- “Contingent assets” of €2,043 thousand. Contingent assets arise from the settlement of items from prior years.

2.1 Net claims-related expenses

A breakdown of net expenses follows:

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020	Amount at 31/12/2020	Change	Ch. %
Amounts paid	1.306.210	1.879.791	76.287	-649.868	-33%
Change in technical provisions	-134.206	-575.323	52.649	388.468	-74%
Direct and indirect business	*1.172.004*	*1.304.468*	*128.936*	*-261.400*	*-18%*
Amounts paid - ceded	-103.716	-434.621	-144	331.049	-76%
Change in insurance provisions ceded	87.839	412.814	-64	-324.911	-79%
Ceded and retroceded business	*-15.877*	*-21.807*	*-208*	*6.138*	*-28%*
Net amounts paid	1.202.494	1.445.170	76.143	-318.819	-21%
Change in net insurance provisions	-46.367	-162.509	52.585	63.557	-58%
Total Net insurance benefits and claims	1.156.127	1.282.661	128.728	-255.262	-18%

The €255,262 thousand change compared with the previous year was mainly due to the decrease in sums paid for direct business of €649,868 thousand, partially offset by the change in those paid for business ceded. Net technical provisions increased by €63,557 thousand, mainly due to the LAT provision of €59,010 thousand.

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

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020	Amount at 31/12/2020	Change	Ch. %
Claims paid	160.844	163.446	17.889	-20.492	-11,30%
Redemptions paid	669.171	777.683	45.224	-153.735	-18,68%
Maturities	475.950	938.662	6.458	-469.170	-49,64%
Total gross	*1.305.965*	*1.879.791*	*69.571*	*-643.397*	*-33,01%*
Claims paid	-3.385	-10.153	-60	6.828	-66,85%
Redemptions paid	-5.731	-8.134	-	2.403	-29,54%
Maturities	-94.556	-416.335	-	321.779	-77,29%
Total portion borne by reinsurers	*-103.672*	*-434.621*	*-60*	*331.009*	*-76,15%*
Total including reinsurance	1.202.292	1.445.170	69.511	-312.388	-20,62%

As shown in the table, compared with the previous year, settlement expenses, gross of the reinsurance effect, show a marked decrease in redemptions and maturities compared with a slight decrease in claims paid.

The previous year was characterised by significant volumes of maturities linked to the former Ergo Previdenza portfolio of €727,445 thousand, compared with maturities of €165,944 thousand in the current year. The €561,501 thousand change was partially offset by the €68,557 thousand increase in maturities of the former Eurovita Assicurazioni portfolio.

Redemptions were down by €154 thousand thousand, or 19%, although the total amount of redemptions paid during the year, whether classified as insurance or investment, was 7% lower than in the previous year, due to a lower contribution from the Liquidity Bonus initiative, equal to a nominal value of €81,300 thousand (€63,700 thousand in the current year compared with €145 thousand thousand in the previous year) and higher redemptions on investment products of €37 thousand thousand.

2.2 Commission expense

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

The increase was entirely due to a €6,285 thousand rise in maintenance costs as a result of an increase in assets under management of approximately €160 million, and the decision by policyholders to gradually allocate Class D assets linked to external funds to more expensive investment lines in terms of loading, while deferred costs 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	31/12/2021					31/12/2020 (E)					31/12/2020 (P)				
	Interest expense	Other charges	Realized losses	Valuation losses	Total	Interest expense	Other charges	Realized losses	Valuation losses	Total	Interest expense	Other charges	Realized losses	Valuation losses	Total
Available for sale financial assets	-	-	37.420	5.379	42.799	-	-	37.182	6.546	43.728	-	-	14	-	14
Loans and receivables	17.505	-	-	-	17.505	21.842	-	-	-	21.842	796	-	-	-	796
Total Expenses from other financial instruments and land and buildings (investment properties)	17.505	-	37.420	5.379	60.304	21.842	-	37.182	6.546	65.570	796	-	14	-	810

Interest expense refers to interest on deposits by reinsurers of €7,010 thousand and interest expense related to subordinated loans of €10,495 thousand. The latter increased by €2,863 thousand compared with the previous financial year due to interest expense for the additional €50 thousand thousand issue in the previous year, effective from 21 February 2021.

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

Losses on disposals (together with the related gains shown above) of €37,420 thousand (€37,196 thousand in 2020) are an integral part of the results of strategies to optimise the ALM structure implemented during the year, and relate mainly to bonds.

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

A further breakdown of financial and investment costs, by type, setting out the corresponding value for 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 31/12/2021	Amount at 31/12/2020	Amount at 31/12/2020	Change	Ch. %
Acquisition commissions	4.385	12.265	5.330	- 13.209	-75%
Other acquisition costs	21.973	32.554	2.972	- 13.553	-38%
Change deferred acquisition costs	27.150	4.472	- 402	23.080	567%
Collection commissions	558	2.134	-	- 1.576	-74%
Commissions and profit sharing ceded	- 2.096	- 1.500	- 78	- 519	33%
Total commissions and other acquisition costs	*51.970*	*49.925*	*7.822*	*- 5.776*	*-10%*
Investment management expenses	13.875	12.842	289	744	6%
Other administration costs	30.063	25.159	13.848	- 8.944	-23%
Total Acquisition and administration costs	95.908	87.926	21.959	- 13.976	-13%

Total costs attributable to operations decreased from €109,885 thousand at 31 December 2020 to €95,908 thousand at 31 December 2021.

The €13,976 thousand decrease compared with the previous year is mainly due to the absence of extraordinary costs incurred in the previous year due to the closure of the agency channel amounting to €9,787 thousand, the launch of new commercial partnerships amounting to €4 thousand thousand and lower overhead expenses of €8,945 thousand, partially offset by higher amortisation of deferred acquisition expenses (DAC) of €23,080 thousand.

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

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

2.6 Other Costs

Other costs are broken down in the following table:

Amounts in Euro thousand

	Amount at 31/12/2021	Amount at 31/12/2020	Amount at 31/12/2020	Change	Ch. %
Other technical charges	66.042	56.526	5.170	4.346	7%
Provisions set aside	1.522	6.052	122	-4.652	-75%
Losses on receivables	1.471	5.723	0	-4.252	-74%
Contingent liabilities	1.389	567	21	801	136%
Amortization of intangible fixed assets	423	832	73	-482	-53%
Other costs	14.150	12.339	870	941	7%
Total Other expenses	84.998	82.039	6.256	-3.297	-4%

Other costs of €84,998 thousand mainly include:

- "Other technical charges" amounting to €66,044 thousand (€61,667 thousand in 2020) mainly refer to cancellations due to the non-collectability of receivables relating to premiums of €17,469 thousand for years prior to the financial year in question, Class I and V maintenance commissions of €41,506 thousand and commission rebates of €1,533 thousand.

  For the sake of completeness, it should be noted that to cope with the cost of cancellations due to bad debts relating to prior year premiums the relevant reserve was released, and thus neutralised its impact on the income statement.
- "Allocations to provisions" related to provisions for future risks and charges of €1,522 thousand, including €900 thousand earmarked for disputes with customers and €311 thousand for disputes with agents;
- "Losses on receivables" of €1,471 thousand (€5,723 thousand in 2020) relate to the usual activities to reconcile disputes with agents and policyholders. However, for the sake of completeness, 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 €1,389 thousand (€588 thousand in 2020) were due to the closing out of positions belonging to the previous financial year;
- "Amortisation of intangible fixed assets" of €423 thousand (€905 in 2020) refers to software and IT projects;
- "Other costs" of €14,150 thousand (€13,209 thousand in 2020) are mainly attributable to the €13,050 thousand amortisation of the Value in Force of the former Old Mutual and administration costs charged by other Group companies in the amount of €1,017 thousand.

3. Taxes

Income taxes for the year and IRAP (regional production tax) allocated by the Company totalled €12,653 thousand, constituting 25.82% of the profit before taxes, compared with €2,334 thousand, constituting 16.6%, in the previous year.

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

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

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

- IRES: 24.00% to IRES taxable income

- IRAP: 6.82% to IRAP taxable income

Income taxes for the year consisted of €13,569 thousand for IRES and €5,474 thousand for IRAP, down by €40,731 thousand due to a decrease in prepaid taxes, offset in the income statement, and down by €46,458 due to a decrease in deferred taxes, offset in the income statement.

Taxes for the year therefore amounted to €12,653 thousand.

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

Reconciliation table between statutory tax burden and theoretical tax burden	FINANCIAL YEAR 2021			FINANCIAL YEAR 2020		
Reconciliation between statutory tax burden and theoretical tax burden (I.R.E.S.)						
Profit (loss) before income taxation		49.002			13.367	
Theoretical tax burden (rate of 27,5% for the year 2019 and 24% in 2020)			15.103			3.208
Temporary differences deductible in subsequent fiscal years:						
+ Taxed provisions for risks	1.522			9.558		
+ Other non-deductible provisions						
Total		1.522			9.558	
Temporary differences taxable in subsequent fiscal years:	-					
+/- Adjustments to financial fixed assets (AFS)	48.726			9.838		
- Net effect of the adoption of IFRS standards		48.726		- 32.886		
Total					- 23.048	
Use of temporary differences from prior financial years:	-					
+ Value adjustments to shares not held as fixed assets from prior years	- 21.809			-		
- Use of taxed funds	- 16.415			- 10.313		
- Use of taxed provisions	- 1.340			-		
- Other costs not deducted in prior financial years				-		
Total		- 39.564			- 10.313	
Permanent differences:						
+ Entertainment expenses and other non-deductible costs	1.853			974		
- Tax break on dividend receipts	- 41			-		
- Tax break on ACE	- 5.003			- 3.685		
- Non-taxable contingent assets	-			- 933		
Total		- 3.190			- 3.644	
Taxable amount - I.R.E.S.		56.497			- 14.081	0
Current taxes for the year - I.R.E.S.			13.559			-
Reconciliation between statutory tax burden and theoretical tax burden (I.R.A.P.)						
Difference between production value and cost		21.295			6.951	
Net costs not relevant for I.R.A.P. purposes		58.924			- 24.000	
Total		80.219			- 17.048	
Theoretical tax burden (rate of 6.82% for the years 2019 and 2020)			5.471			-
Taxable amount - I.R.A.P.		80.219	-		- 17.048	
Current taxes for the year - I.R.A.P.			5.471			-
Total current taxes for the year - I.R.A.P. and I.R.E.S.			19.030			-
Change in prepaid taxes			40.731			20.570
Change in deferred taxes			- 46.458			- 12.684
Tax relief on the Patent box			-			- 5.552
Total taxes for the year			13.315			2.334

The following table provides a 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 2021	Financial Year 2020
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	0,89%	1,75%
Effect of decreases on ordinary rate		
- Tax break on dividend receipts	0,00%	0,00%
- Non-taxable contingent assets	-2,45%	-8,29%
	0,00%	0,00%
I.R.E.S. actual rate without temporary differences	22,44%	17,46%
Temporary differences deductible in subsequent financial years	24,61%	17,16%
Temporary differences taxable in subsequent financial years	-19,38%	-59,90%
I.R.E.S. actual tax rate	27,67%	0,00%
I.R.A.P. applicable ordinary rate	6,82%	6,82%
Effect of increases on ordinary rate		
+ Different I.R.A.P. taxable amount	-3,86%	-3,27%
+ Net costs not relevant for I.R.A.P. purposes	8,20%	-12,25%
I.R.A.P. actual tax rate	11,16%	0,00%
Changes in prepaid taxes:	83,12%	153,89%
Changes in deferred taxes:	-94,81%	-94,89%
Tax relief on the Patent box	0,00%	-41,54%
Other	-1,33%	-1,31%
I.R.E.S. and I.R.A.P. actual tax rates	25,82%	16,15%

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.

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 by a specific contract. The financial years from 2016 onwards are still open for tax purposes, for both direct tax and VAT.

It should also be noted that the 2017 tax return must be submitted by 26 March 2022 due to the fact that the company, in the 2018 Income Return for 2017, confirmed that it met the conditions for bringing forward the expiry date by ticking the box on the RS269 line .

However, Article 157 of Decree-Law No. 34/2020 deferred the deadline for serving tax assessment notices due between 8 March 2020 and 31 December 2020 until February 2022. Consequently, the absence of assessment notices for 2015, until the date indicated, 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 2021, as detailed below:

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

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

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

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

- the Company, having consulted a number of tax advisors, decided to write off the €369 thousand position relating to the higher IRAP amount determined by the Italian Revenue Agency in relation to the dispute regarding the 2007 tax year, for which the Company had lodged an appeal with the Milan Provincial Tax Commission, which was rejected, and the appeal lodged with the Milan Regional Tax Commission, which was also rejected. In 2015, the Company had appealed to the Court of Cassation, against which the Italian Revenue Agency filed a counterclaim

5.G Other Information

1 Solvency Margin

Since 1 January 2016, the Company has been calculating the capital required by the supervisory regulations and 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 2021 data to IVASS is set for 8 April 2022 and they are below the risk assessment framework (RAF) provisions.

At 31 December 2021, the Company's eligible own funds totalled €643.28 million (€746.06 million in 2020) and included subscribed and paid-in share capital of €90,499 thousand, the share premium reserve of €38,387 thousand, subordinated liabilities of €167,427 thousand, the reconciliation reserve of €340,374 thousand and deferred tax assets of €6,592 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 Regulation, 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 2021. The quality of OFs is shown in detail by Tier:

Own funds available and eligible to cover the SCR (data in thousands of euro)

	Own funds available	Eligibility adjustments	Own funds eligible
Tier 1 unrestricted	469.260	-	469.260
Tier 1 restricted	-	-	-
Tier 2	167.427	-	167.427
Tier 3	6.592	-	6.592
Total OF	643.279	-	643.279
Total SCR			471.496
Surplus (shortage)			171.783

Own funds available and eligible to cover the MCR (data in thousands of euro)

	Own funds available	Eligibility adjustments	Own funds eligible
Tier 1 unrestricted	469.260	-	469.260
Tier 1 restricted	-	-	-
Tier 2	167.427	124.992	42.435
Tier 3	6.592	6.592	-
Total OF	643.279	131.585	511.694
Total MCR			212.173
Surplus (shortage)			299.521

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 is 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 on Solvency II.

Against a solvency capital requirement (SCR) of €471.50 million, the Company's own funds eligible for cover amount to €643.28 million, which implies a Solvency II Ratio of 136%.

In order to strengthen its solvency position, the Company has also applied a freeze on dividend payouts as per the Capital Plan.

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

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

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 2021 (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 further demonstrated by sending IVASS the table entitled "Coverage of technical provisions at 31 December 2021" 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 has a significant equity investment in Eurovita Agenzia 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 all information required to describe the Group's performance.

Unified management - a presumption pursuant to Article 96, paragraph 1, of Legislative Decree No. 209/2005 whereby management bodies largely consist of the same persons - as in the case of the parent company Eurovita Holding S.p.A. and its subsidiaries - is adequately confirmed 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 €245 thousand (not including V.A.T., expenses, and contributions), while for the review of MVBS and SCR pursuant to IVASS Regulation No. 42 of 2 August 2019 it amounted to a total of €230 thousand (not including VAT, expenses, and contributions) and for the provision of certification services it amounted to €442 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 2021, no interim dividends were paid or approved for financial year 2021.

6 Average number of employees

The average number of employees at 31 December 2021 was 252.

7 Subsequent Events

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

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

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

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

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

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

It should be recalled that the Company was inspected by the Supervisory Authority and that, at the date of preparation of this report, the results are not known. This inspection also concerned investments in certain complex investment funds. From a prudential standpoint, the Company has carried out sensitivity analyses enabling it to verify whether, even in the event of classification of the said funds with a risk profile relating to a particularly unfavourable standard formula stress, the solvency ratio at year-end would nevertheless remain above the minimum values permitted by law and above the "recovery trigger" of 110% defined in the Company's capital policy.

With regard to the Company's solvency, the solvency ratio monitoring carried out at the end of February showed that it is increasing, mainly as a result of rising interest rates.

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 from 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 31.12.2020		STATEMENTS AT 31.12.2019	
Description	Interim	Total	Interim	Total
PRODUCTION VALUE				
Revenues from sales of goods and services	0		0	
Other revenues	1.461.782		1.474.337	
TOTAL PRODUCTION VALUE		1.461.782		1.474.337
PRODUCTION COSTS				
Services		1.302.091		2.411.195
Leased assets		0		0
Personnel		5.038.914		2.358.976
Depreciation and amortization		6.475		19.761
Provisions for risks		0		0
Other operating charges		1.530.752		1.500.890
TOTAL PRODUCTION COSTS		7.878.232		6.290.822
FINANCIAL INCOME AND CHARGES				
Income from investments		800.000		1.300.000
Other financial income		0		127
Interest and other financial charges		-161		-1.822
TOTAL FINANCIAL INCOME AND CHARGES		799.839		1.298.305
VALUE ADJUSTMENTS TO FIN.ASSETS AND LIABILITIES				
Write-ups	451.141		23.630.614	
Write-downs	-11.322.683		-1.300.000	
TOTAL VALUE ADJUSTMENTS TO FIN.ASSETS AND LIABILITIES		-10.871.542		22.330.614
Profit (loss) before income taxation (+A-B+C+D)		-16.488.152		18.812.434
Taxes for the year		2.853.444		1.044.880
+ PROFIT / - LOSS FOR THE YEAR		-13.634.708		19.857.314

EQUITY INVESTMENTS		397.857.702		408.729.244
CAPITAL ABD RESERVES		268.117.293		281.752.001
NUMBER OF EMPLOYEES		8		9

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 2021 amounted to €36,349,367.4.

It is hereby proposed to allocate the entire profit amount to retained earnings:

Profit for the year	36.349.367

Attribution to reserve for profit carried forward	36.349.367

Milan, 30 March 2022

FOR THE BOARD OF DIRECTORS

Chief Executive Officer

Erik Stattin

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

Company: EUROVITA S.P.A.

Financial Year: 2021

Balance Sheet by Classes

(Amounts in Euro)

		Non-Life		Life		Total	
		31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
1	INTANGIBLE ASSETS	0,00	0,00	123.263.235	81.031.573	123.263.235	81.031.573
2	TANGIBLE ASSETS	0,00	0,00	17.805.773	19.103.144	17.805.773	19.103.144
3	AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS	*305.038,05*	*0,00*	*270.303.145*	*357.934.694*	*270.608.183*	*357.934.694*
4	INVESTMENTS	0,00	0,00	18.779.470.206	17.738.440.825	18.779.470.206	17.738.440.825
4.1	Land and buildings (investment properties)	0,00	0,00	0	0	0	0
4.2	Investments in subsidiaries, associated companies and joint ventures	0,00	0,00	534.061	28.842.158	534.061	28.842.158
4.3	Held to maturity investments	0,00	0,00	0	0	0	0
4.4	Loans and receivables	0,00	0,00	246.677.296	588.822.567	246.677.296	588.822.567
4.5	Available for sale financial assets	0,00	0,00	11.455.314.750	10.317.040.756	11.455.314.750	10.317.040.756
4.6	Financial assets at fair value through profit or loss	0,00	0,00	7.076.944.098	6.803.735.343	7.076.944.098	6.803.735.343
5	RECEIVABLES	*84.634,69*	*0,00*	*120.787.111*	*100.759.378*	*120.871.746*	*100.759.378*
6	OTHER ASSETS	738,98	0,00	378.403.820	414.587.846	378.404.559	414.587.846
6.1	Deferred acquisition costs	0,00	0,00	22.677.735	37.186.852	22.677.735	37.186.852
6.2	Other assets	738,98	0,00	355.726.084	377.400.994	355.726.823	377.400.994
7	CASH AND CASH EQUIVALENTS	3.628.999,21	0,00	31.849.129	21.139.520	35.478.128	21.139.520
	TOTAL ASSETS	4.019.410,93	0,00	19.721.882.418	18.732.996.981	19.725.901.829	18.732.996.981
1	SHAREHOLDERS' EQUITY	3.076.702,83	0,00	602.046.621	497.402.981	605.123.324	497.402.981
2	OTHER PROVISIONS	0,00	0,00	12.918.393	23.499.131	12.918.393	23.499.131
3	INSURANCE PROVISIONS	787.595,13	0,00	12.100.871.644	11.281.770.546	12.101.659.239	11.281.770.546
4	FINANCIAL LIABILITIES	0,00	0,00	6.761.643.403	6.644.128.923	6.761.643.403	6.644.128.923
4.1	Financial liabilities measured at fair value through profit or loss	0,00	0,00	6.380.321.841	6.270.248.292	6.380.321.841	6.270.248.292
4.2	Other financial liabilities	0,00	0,00	381.321.562	373.880.631	381.321.562	373.880.631
5	PAYABLES	18.934,23	0,00	109.688.313	154.536.648	109.707.247	154.536.648
6	OTHER LIABILITY	136.178,74	0,00	134.714.044	131.658.752	134.850.223	131.658.752
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4.019.410,93	0,00	19.721.882.418	18.732.996.981	19.725.901.829	18.732.996.981

Company: EUROVITA S.P.A. Financial Year: 2021

Income Statement by Classes

(Amounts in Euro)

		Non-Life		Life		Total	
		31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
1.1	Net earned premiums	156.708	0	1.008.872.018	1.178.192.316	1.009.028.726	1.178.192.316
1.1.1	*Gross earned premiums*	197.473	0	1.023.573.109	1.192.171.759	1.023.770.582	1.192.171.759
1.1.2	*Earned premiums ceded*	-40.764	0	-14.701.092	-13.979.443	-14.741.856	-13.979.443
1.2	Fee and commission income and income from financial service activities	0	0	138.573.978	125.430.155	138.573.978	125.430.155
1.3	Net income from financial instruments at fair value through profit or loss	0	0	60.882.166	9.854.401	60.882.166	9.854.401
1.4	Income from subsidiaries, associated companies and joint ventures	0	0	17.808	0	17.808	0
1.5	Income from other financial instruments and land and buildings (investment properties)	0	0	295.480.775	276.295.282	295.480.775	276.295.282
1.6	Other income	11	0	38.870.533	32.077.190	38.870.544	32.077.190
1	TOTAL INCOME	156.719	0	1.542.697.277	1.621.849.343	1.542.853.996	1.621.849.343
2.1	Net insurance benefits and claims	14.702	0	1.156.112.059	1.282.660.641	1.156.126.761	1.282.660.641
2.1.1	*Claims paid and change in insurance provisions*	10.206	0	1.171.994.045	1.304.468.144	1.172.004.251	1.304.468.144
2.1.2	*Reinsurers' share*	4.495	0	-15.881.986	-21.807.503	-15.877.490	-21.807.503
2.2	Fee and commission expenses and expenses from financial service activities	0	0	96.515.353	90.288.817	96.515.353	90.288.817
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	60.303.233	65.569.010	60.303.233	65.569.010
2.5	Acquisition and administration costs	125.943	0	95.782.504	87.925.419	95.908.448	87.925.419
2.6	Other expenses	42.500	0	84.955.310	82.038.729	84.997.810	82.038.729
2	TOTAL EXPENSES	183.145	0	1.493.668.459	1.608.482.615	1.493.851.605	1.608.482.615
	EARNINGS BEFORE TAXES	-26.426	0	49.028.818	13.366.728	49.002.392	13.366.728

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
EUROVITA AGENZIA MARKETING SRL	IT	11	A	0	100		V	534.061

(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

Company: EUROVITA S.P.A. Financial Year: 2021

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)	-	17.393.340	17.393.340
Other tangible assets	412.433	-	412.433
Other intangible assets	101.212.937	-	101.212.937

Company: EUROVITA S.P.A. Financial Year: 2021

Amounts ceded to reinsurers from insurance provisions

(Amounts in Euro)

	Direct business		Indirect business		Total book value	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Non-life amounts ceded to reinsurers from insurance provisions	*305.038*	-	-	-	*305.038*	-
Provisions for unearned premiums	-				-	-
Provisions for outstanding claims	305.038				*305.038*	-
Other insurance provisions					-	-
Life amounts ceded to reinsurers from insurance provisions	*269.140.448*	*352.032.945*	*1.162.697*	*5.901.749*	*270.303.145*	*357.934.694*
Mathematical provisions	45.593.797	136.038.483	1.162.697	1.406.544	*46.756.494*	*137.445.027*
Provisions for outstanding claims	223.316.651	215.755.658	-	4.495.205	*223.316.651*	*220.250.863*
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	-	-	-	-	-	-
Other insurance provisions	230.000	238.804	-	-	230.000	238.804
Total Amounts ceded to reinsurers from insurance provisions	*269.445.486*	*352.032.945*	*1.162.697*	*5.901.749*	*270.608.183*	*357.934.694*

Valore alle tue prospettive

Company: EUROVITA S.P.A.

Financial Year: 2021

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				Total book value	
							Financial assets held for trading		Financial assets designated at fair value through profit or loss			
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Equities at cost	0	0	0	0	0	0	0	0	0	0	0	0
Equities at fair value	0	0	0	0	21.801.129	21.368.069	0	0	27.625.367	9.629.059	49.426.496	30.997.128
of which quoted equities	*0*	0	0	0	0	0	0	0	27.625.367	9.629.059	27.625.367	9.629.059
Bonds	0	0	166.321.459	494.622.001	10.074.325.641	8.934.788.591	3.075.885	7.946.829	69.316.401	81.945.684	10.313.039.385	9.519.303.106
of which quoted bonds	*0*	0	17.449.581	28.891.948	10.035.900.521	8.894.819.471	2.974.069	2.935.353	69.316.401	81.945.684	10.125.640.572	9.008.592.456
Investment fund units	0	0	0	0	1.359.187.980	1.360.884.097	0	0	6.933.093.371	6.634.939.888	8.292.281.353	7.995.823.985
Deposits under reinsurance business accepted	0	0	69.192.662	72.698.012	0	0	0	0	0	0	69.192.662	72.698.012
Financial asset components of insurance contracts	0	0	0	0	0	0	0	0	17.347.714	19.013.454	17.347.714	19.013.454
Other loans and receivables	0	0	11.163.175	21.502.554	0	0	0	0	0	0	11.163.175	21.502.554
Derivatives	0	0	0	0	0	0	7.319.700	8.073.200	0	0	7.319.700	8.073.200
Hedging derivatives	0	0	0	0	0	0	19.165.660	42.187.228	0	0	19.165.660	42.187.228
Other financial investments	0	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**246.677.296**	**588.822.567**	**11.455.314.750**	**10.317.040.757**	**29.561.245**	**58.207.257**	**7.047.382.853**	**6.745.528.086**	**18.778.936.144**	**17.709.598.667**

Company: EUROVITA S.P.A. Financial Year: 2021

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	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Total Assets	7.066.548.520	6.787.715.314	0	0	7.066.548.520	6.787.715.314
Financial liabilities	6.290.954.823	6.131.930.299	0	0	6.290.954.823	6.131.930.299
Insurance provisions recognized	758.510.264	615.966.203	0	0	758.510.264	615.966.203
Total Liabilities	7.049.465.087	6.747.896.502	0	0	7.049.465.087	6.747.896.502

Company: EUROVITA S.P.A. Financial Year: 2021

Insurance provisions

(Amounts in Euro)

	Direct business		Indirect business		Total book value	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Non-Life insurance provisions	*787.595*	*0*	*0*	*0*	*787.595*	*0*
Provisions for unearned premiums	0				0	0
Provisions for outstanding claims	787.595				787.595	0
Other insurance provisions					0	0
of which provisions for liability adequacy test					0	0
Life insurance provisions	*12.030.148.669*	*11.207.349.736*	*70.722.974*	*74.420.810*	*12.100.871.644*	*11.281.770.546*
Provisions for outstanding claims	151.391.007	315.774.996	1.530.313	1.722.799	152.921.319	317.497.795
Mathematical provisions	10.057.135.303	8.847.044.571	69.192.662	72.698.011	10.126.327.964	8.919.742.581
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	758.510.264	615.966.203	0	0	758.510.264	615.966.203
Other insurance provisions	1.063.112.096	1.428.563.967	0	0	1.063.112.096	1.428.563.967
of which provisions for liability adequacy test	60.290.146		0	0	60.290.146	0
of which deferred policyholder liabilities	924.088.311	1.309.795.935	0	0	924.088.311	1.309.795.935
Total Insurance Provisions	*12.030.936.265*	*11.207.349.736*	*70.722.974*	*74.420.810*	*12.101.659.239*	*11.281.770.546*

Company: EUROVITA S.P.A. | Financial Year: 2021

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					
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Preference shares	0	0	0	0	0	0	0	0
Subordinated liabilities	0	0		0	158.851.597	158.779.265	158.851.597	158.779.265
Financial liabilities related to investment contracts issued by insurance companies	0	0	6.344.217.685	6.176.134.709	0	0	6.344.217.685	6.176.134.709
when the investment risk is borne by policyholders	0	0	6.344.217.685	6.176.134.709	0	0	6.344.217.685	6.176.134.709
pension funds	0	0	0	0	0	0	0	0
other liabilities related to investment contracts	0	0	0	0	0	0	0	0
Deposits received from reinsurers	0	0	0	0	219.789.965	215.101.366	219.789.965	215.101.366
Deposit components of insurance contracts	0	0	0	0	0	0	0	0
Bonds	0	0	0	0	0	0	0	0
Other loans	0	0	0	0	0	0	0	0
Derivatives	0	0	0	0	0	0	0	0
Hedging derivatives	36.104.156	94.113.582	0	0	0	0	36.104.156	94.113.582
Other financial liabilities	0	0	0	0	2.680.000	0	2.680.000	0
Total	36.104.156	94.113.582	6.344.217.685	6.176.134.709	381.321.562	373.880.631	6.761.643.403	6.644.128.923

Company: EUROVITA S.P.A. Financial Year: 2021

Technical insurance items

(Amounts in Euro)

		31/12/2021			31/12/2020		
		Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount
Non-life business							
NET EARNED PREMIUMS		197.472,58	40.764,13	156.708,45	0,00	0,00	0,00
a	Premiums written	43.213,01	7.476,96	35.736,05			0,00
b	Change in the provisions for unearned premiums	154.259,57	33.287,17	120.972,40			0,00
NET INSURANCE BENEFITS AND CLAIMS		10.206,47	-4.495,47	14.701,94	0,00	0,00	0,00
a	Claims paid	131.544,21	44.039,62	87.504,59			0,00
b	Change in the provisions for outstanding claims	-121.337,74	-48.535,09	-72.802,65			0,00
c	Change in claims to be recovered			0,00			0,00
d	Change in other insurance provisions			0,00			0,00
Life business							
NET EARNED PREMIUMS		1.023.573.109	14.701.092	1.008.872.018	1.192.171.759	13.979.443	1.178.192.316
NET INSURANCE BENEFITS AND CLAIMS		1.171.994.045	15.881.986	1.156.112.059	1.304.468.144	21.807.503	1.282.660.641
a	Claims paid	1.306.200.158	103.672.283	1.202.527.875	1.879.790.785	434.621.208	1.445.169.578
b	Change in the provisions for outstanding claims	-168.769.390	-90.688.533	-78.080.856	24.579.235	3.474.851	21.104.384
c	Change in the mathematical provisions	-87.677.968	2.907.040	-90.585.008	-645.005.483	-416.279.726	-228.725.758
d	Change in the provisions for policies where the investment risk is borne by the policyholders and in the provisions for pension funds	163.388.364		163.388.364	120.965.357		120.965.357
e	Change in other insurance provisions	-41.147.119	-8.804	-41.138.315	-75.861.750	-8.830	-75.852.920

Company: EUROVITA S.P.A.

Financial Year: 2021

Income and expenses from investments, receivables and payables

(Amounts in Euro)

		Interests	Other income	Other expenses	Realized gains	Realized losses	Total realized gains and losses	Unrealized gains and reversal of impairment losses		Unrealized losses and impairment losses		Total unrealized gains and losses	Total income and expenses December 2021	Total income and expenses December 2020
								Unrealized gains	Reversal of impairment losses	Unrealized losses	Impairment losses			
Income and expenses from investments		**189.895.563**	**37.342.244**	**17.993.314**	**235.440.801**	**71.074.930**	**373.610.364**	**492.256.829**	**0**	**552.302.594**	**0**	**-60.045.765**	**313.564.599**	**242.422.363**
a	from land and buildings (investment properties)	0	0	0	0	0	**0**	0	0	0	0	**0**	**0**	**0**
b	from investments in subsidiaries, associated companies and joint ventures	0	0	0	0	0	**0**	0	0	0	0	**0**	**0**	**795.344**
c	from held to maturity investments	0	0	0	0	0	**0**	0	0	0	0	**0**	**0**	**0**
d	from loans and receivables	16.863.810	0	0	0	0	**16.863.810**	0	0	0	0	**0**	**16.863.810**	**19.960.917**
e	from available for sale financial assets	171.146.352	30.987.935	0	76.482.677	37.419.765	**241.197.200**	0	0	5.378.578	0	**-5.378.578**	**235.818.623**	**211.811.702**
f	from financial assets held for trading	84.954	0	0	123.350	0	**208.304**	33.000	0	754.288	0	**-721.288**	**-512.984**	**3.258.120**
g	from financial assets designated as at fair value through profit or loss	1.800.446	6.354.308	17.993.314	158.834.774	33.655.165	**115.341.049**	492.223.829	0	546.169.728	0	**-53.945.899**	**61.395.150**	**6.596.281**
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		**-17.504.891**	**0**	0	0	0	**-17.504.891**	0	0	0	0	**0**	**-17.504.891**	**-21.841.691**
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	-17.504.891	0	0	0	0	**-17.504.891**	0	0	0	0	**0**	**-17.504.891**	**-21.841.691**
Income and expenses from payables		**0**	**0**	**0**	0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total		**172.390.672**	**37.342.244**	**17.993.314**	**235.440.801**	**71.074.930**	**356.105.473**	**492.256.829**	**0**	**552.302.594**	**0**	**-60.045.765**	**296.059.709**	**220.580.673**

Company: EUROVITA S.P.A. Financial Year: 2021

Acquisition and administration costs of insurance business

(Amounts in Euro)

		Non-Life business		Life business	
		31/12/2021	31/12/2020	31/12/2021	31/12/2020
Commissions and other acquisition costs		3.095	-	54.064.036	51.424.319
a	Acquisition and administration commissions	3.095	-	4.383.051	12.264.359
b	Other acquisition costs	-	-	21.973.484	32.553.978
c	Change in deferred acquisition costs	-	-	27.149.634	4.471.831
d	Collecting commissions	-	-	557.867	2.134.151
Commissions and profit commissions from reinsurers		-	-	-2.096.317	-1.499.861
Commissions and other acquisition costs net of commissions and profit		-	-	13.874.914	12.841.912
Other administration costs		-	-	30.062.720	25.159.050
Total		3.095	-	95.905.353	87.925.419

Details on other comprehensive income

	Allocation		Transfer to profit and loss account		Other transfer		Total variation		Taxes		Amount	
	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20
Items that may not be reclassified to profit and loss in future	**79.413**	**30.089**	**0**	**0**	**0**	**0**	**79.413**	**30.089**	**-12.508**	**22.870**	**28.077**	**-51.336**
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	79.413	30.089					79.413	30.089	-12.508	22.870	28.077	-51.336
OtherS								0				
Items that may be reclassified to profit and loss in future periord	**-12.123.160**	**-728.302**	**-1.239.399**	**-81.451.614**	**0**	**0**	**-13.362.559**	**-82.179.916**	**-9.047.422**	**-15.000.502**	**20.308.263**	**33.670.823**
Reserve for currency transition differences								0				
Net unrealized gains and losses on investments available for sale	-32.175.466	4.066.596	-1.239.399	-81.451.614			-33.414.865	-77.385.018	-20.740	-14.907.212	46.554	33.461.420
Net unrealized gains and losses on hedging derivatives	20.052.306	-4.794.898	0	0			20.052.306	-4.794.898	-9.026.682	-93.290	20.261.709	209.403
Net unrealized gains and losses on hedge of a net investment in foreign								0				
Shares of other comprehensive income of associates								0				
Result of discontinued operation								0				
Others								0				
TOTAL OTHER COMPREHENSIVE INCOME	**-12.043.747**	**-698.213**	**-1.239.399**	**-81.451.614**	**0**	**0**	**-13.283.146**	**-82.149.827**	**-9.059.931**	**-14.977.632**	**20.336.340**	**33.619.487**

Details on financial assets reclassified and its effect on profit or loss account and comprehensive income

Financial asset categories affected by the reclassification		Financial assets	Amount of the financial assets reclassified in the year at the reclassification date	Book value of reclassified financial assets at 31/12/2021		Fair value as at 31/12/2021		Financial assets reclassified in 2021		Financial assets reclassified until 2021		Financial assets reclassified in 2021		Financial assets reclassified until 2021	
from	to			Financial assets reclassified in 2021	Financial assets reclassified until 2021	Financial assets reclassified in 2021	Financial assets reclassified until 2021	Fair value gains or losses through profit or loss	Fair value gains or losses through equity	Fair value gains or losses through profit or loss	Fair value gains or losses through equity	Fair value gains or losses that would be recognized through profit or loss without reclassification	Fair value gains or losses that would be recognized through equity without reclassification	Fair value gains or losses that would be recognized through profit or loss without reclassification	Fair value gains or losses that would be recognized through equity without reclassification
Total															

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

		Level 1		Level 2		Level 3		Total	
		31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Financial assets and liabilities at fair value on a recurring basis									
Available for sale financial assets		10.444.180.464	9.251.858.222	166.318.532	250.564.810	844.815.754	814.617.725	11.455.314.750	10.317.040.757
Financial assets at fair value through profit or loss	Financial assets held for trading	0	0	29.561.245	58.207.257	0	0	29.561.245	58.207.257
	Financial assets designated at fair value through profit or loss	7.047.382.853	6.745.528.086	0	0	0	0	7.047.382.853	6.745.528.086
Investment properties		0	0	0	0	0	0	0	0
Tangible assets		0	0	0	0	0	0	0	0
Intangible assets						101.101.772	58.446.616	101.101.772	58.446.616
Total financial assets at fair value on a recurring basis		17.491.563.318	15.997.386.308	195.879.777	308.772.067	945.917.526	873.064.342	18.633.360.621	17.179.222.717
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading	0	0	-36.104.156	-94.113.582	0	0	-36.104.156	-94.113.582
	Financial liabilities designated at fair value through profit or loss	-6.344.217.685	-6.176.134.709	0	0	0	0	-6.344.217.685	-6.176.134.709
Total financial liabilities at fair value on a recurring basis		-6.344.217.685	-6.176.134.709	-36.104.156	-94.113.582	0	0	-6.380.321.841	-6.270.248.292
Financial assets and liabilities at fair value on a non-recurring basis									
Non-current assets or of discontinued operations		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

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

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

	Book value		*Fair value*							
			Level 1		Level 2		Level 3		Total	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Assets										
Held to maturity investments										
Loans and receivables	246.677.296	588.822.567	166.321.459	11.012.791	0	494.971.253	80.355.837	82.838.523	246.677.296	588.822.567
Investments in subsidiaries, associated companies and joint	534.061	28.842.158					534.061	28.842.158	534.061	28.842.158
Land and buildings (investment properties)	0									
Tangible assets	17.805.773	19.103.144					17.805.773	19.103.144	17.805.773	19.103.144
Total assets	265.017.130	636.767.869	166.321.459	11.012.791	0	494.971.253	98.695.671	130.783.826	265.017.130	636.767.869
Liabilities										
Other liabilities	-381.321.562	-373.880.631					-381.321.562	-373.880.631	-381.321.562	-373.880.631

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