SOCIETÀ PER AZIONI
REGISTERED OFFICES: VIA IGNAZIO GARDELLA, 2 - 20149 MILAN - ITALY
SHARE CAPITAL: EURO 67,378,924 FULLY PAID-UP
FISCAL CODE AND MILAN COMPANIES REGISTER
NO. 01329510158 - REA NO. 54871
COMPANY REGISTERED TO REGISTER OF INSURANCE AND REINSURANCE COMPANIES – SECTION I NO.1.00014
COMPANY BEING PART OF VITTORIA ASSICURAZIONI GROUP REGISTERED TO REGISTER OF INSURANCE GROUPS NO.008
SUBJECT TO THE DIRECTION AND COORDINATION EXERCISED BY THE PARENT COMPANY YAFA S.P.A.

Solvency and Financial Condition Report

FY 2018

Board of Directors of 8th April 2019

(Translation from the Italian original which remains the definitive version)

SUMMARY

Introduction

The Solvency II Directive came into effect on 1 January 2016.
In particular, as a result of the amendments to the code of private insurance companies (Italian Legislative Decree no. 209 of 7 September 2005), the Italian Legislative Decree no. 74 of 12 May 2015 enacted the Directive 2009/138/EC of the European Parliament and Council, by providing the Italian regulatory framework with the new solvency regime (Solvency II) to which insurance and reinsurance undertakings are subject.

Solvency II is based on three pillars: first, the quantitative capital requirements and quantification of risks; second, the qualitative requirements, with a particular focus on the corporate governance within the companies; third, the rules of transparency and disclosure to the public and the regulator.

Aimed at fulfilling the market transparency requirements, this Solvency and Financial Condition Report (SFCR) is prepared in accordance with the reporting criteria and structure defined by following laws and regulations:

1st Level Regulation

- Italian Legislative Decree no. 209 of 7 September 2005 and subsequent amendments (Code of private insurance companies (hereinafter “Code”).

2nd Level Regulation

- Directive no. 2009/138/EC of the European Parliament and Council (hereinafter “Directive”);
- Delegated Regulation (EU) 2015/35 of the Commission, of 10 October 2014;
- Delegated Regulation (EU) 2015/2452 of the Commission, of 2 December 2015.

3rd Level Regulation

- IVASS Regulation no. 33 of 6 December 2016;
- IVASS Regulation no. 42 of 2 August 2018.

The Solvency and Financial Condition report is divided into 5 sections, accompanied by a series of QRT to be attached:

A. Activities and results

It provides information on the company and the external auditor appointed by the Shareholders' Meeting. It contains information concerning the supervisory discipline to which the company is subject, the position of the company in the legal structure of the group, the holders of qualifying holdings in the company and the business and geographical areas in which the Company operates.
Here are also summarized the operating results for each business area in which the company operates and the results deriving from the investments held.

B. Governance System

The section is dedicated to describing the corporate governance system and the risk management system that the company uses and the Own Risk and Solvency Assessment (ORSA). In particular, it contains information regarding the structure, roles, responsibilities, competence and integrity requirements and the remuneration policy of the administrative or supervisory board. It outlines any substantial changes in the governance system that took place during the reporting period or substantial transactions carried out with Shareholders, with persons having a significant influence on the company and with the members of the Administrative, Management or Supervisory Board.

C. Risk profile

It contains information on exposure, concentration and risk mitigation for each type of risk, together with a description of the methods used, the hypotheses formulated and the results of stress tests in relation to risk sensitivity.

D. Solvency assessment

It describes, for each class of assets and liabilities, including technical provisions, the methodology used to determine the Balance Sheet prepared for solvency purposes and a quantitative and qualitative explanation of the significant differences between the bases, the methods and the main assumptions used by the company for solvency assessment and those used for valuation in the financial statements.
For each class of assets and liabilities, including technical provisions, it shows the Local GAAP and Solvency II value.

E. Capital Management

The chapter provides information on the structure, amount and quality (expressed in three classes, so-called Tier) of the company's own funds, together with the targets to be achieved and the policies and processes applied to manage the own funds, and the time horizon used for planning activities.
It describes the elements of the reconciliation reserve, together with an analysis of the substantial changes in own funds during the reference period (the latter starting from the second reporting period, 2017).
It includes information on the Solvency Capital Requirement and the Minimum Capital Requirement of the company.

10 QRTs are required to be attached to the document

Overview of the main data relating to solvency position

The table below sums up the main data that are helpful to understand the solvency situation of the undertaking in relation to the financial year ended 31 December 2018.

Overview of key solvency data (€/000)

		31/12/18	31/12/17	Change
A	Solvency Capital Requirement (SCR)	458,473	424,977	7.9%
B	Minimum Capital Requirement (MCR)	206,313	191,240	7.9%
C	Eligible own funds to meet Solvency Capital Requirement	1,177,234	918,359	28.2%
D	Net deferred tax assets	-	3,102	-100.0%
E	Subordinated liabilities - Tier 2	187,974	-	n.a.
C-D	Eligible own funds to meet Minimum Capital Requirement	989,260	915,258	8.1%
C/A	**Ratio of Eligible own funds to SCR**	**256.8%**	**216.1%**	40.7
(C-D)/B	**Ratio of Eligible own funds to MCR**	**479.5%**	**478.6%**	0.9

Data indicated in the table above were calculated using the Standard Formula with USPs and the Volatility Adjustment.
The Undertaking Specific Parameters (USPs) are a subset of parameters of the Standard Formula represented by specific values of the Company that replace, prior approval by the Regulator, the values determined by EIOPA at European level. These parameters are referred to the valuation of the Solvency Capital Requirement.
The Volatility Adjustment (VA) is a mechanism that enables the Companies to reduce the disruptive effects due to the Solvency II valuation approach which aims to produce some volatility in the Own Funds, as assets and liabilities (valuated with market logic) are generally enhanced through different discounting curves:

- liabilities, through a risk-free interest rate curve, for all European Companies;
- assets, mainly bonds, depend on the type of the issuer which the single Company is exposed to.

The Volatility Adjustment (VA) is used to discount future cash flows related to insurance contracts using, instead of the risk-free curve, a curve that is more representative of the bond portfolio held as at the valuation date.
The VA curve is set by EIOPA for each country defining the values of the additional spreads to be applied to the risk-free interest rate curve.
As required by laws and regulations, this Report outlines the quantitative impact of this choice.

During the period under review, the Company mainly recorded ordinary changes both in terms of governance and activity, results and risk profile (redefinitions of responsibility, review and adjustment of policies and the issue of new policies), as well as a change to the portfolio of investments, in line with business strategies.
From the governance point of view, as described in more detail in the related chapter, Vittoria Assicurazioni shares from September 28, 2018 are no longer listed on the electronic stock market, following the success of the public purchase and exchange offer launched by the parent company Vittoria Capital S.p.A. Despite the delisting and the resulting governance obligations under the regulation, Vittoria Assicurazioni S.p.A. has set itself the task of maintaining a high level of corporate governance by maintaining all those safeguards aimed at guaranteeing transparency and fairness in relations with stakeholders.

From a quantitative point of view, the significant impact of the issuance of the Subordinated Loan by the Company in July 2018 is recorded, which has led to a significant increase in Equity Tier 2 assets.
This issue is part of a series of non-recurring transactions, started with the OPAS carried out by the direct parent company Vittoria Capital S.p.A. on Vittoria Assicurazioni, and the granting of an intercompany loan

by Vittoria Assicurazioni to Vittoria Capital, also completed during 2018, and with the reverse merger that will probably occur within the first half of 2019.
Following the merger, the intragroup loan will be canceled, with a significant reduction in the equity of Vittoria Assicurazioni.

It is therefore appropriate to point out that, if the merger had taken place by December 31, 2018, the eligible Solvency II means would have been equal to 874,664 thousand euro (-95,033 thousand euro), the SC.R. would have been 453,333 thousand euro (-5,140 thousand euro), and the Solvency II Ratio would have been 192.9%.

The overall increase in the S.C.R. (+ 7.9%) was more than offset by the increase in Equity (+ 28.2%), resulting in an increase in the Solvency II Ratio from 216.1% to 256.8%.

Further details relating to changes with respect to the previous year are described in the paragraph "E.1 Own funds" as regards the equity and in the paragraph "E.2 Solvency Capital Requirement and Minimum Capital Requirement", as regards the profile of risk.

A. Business and performance

A.1 Business

A.1.1 Name and legal form of the undertaking

Vittoria Assicurazioni S.p.A. is a limited company founded in 1921.

A.1.2 **Regulator responsible for the undertaking's supervision**

Vittoria Assicurazioni S.p.A. and the Group it belongs to are subject to the supervision of IVASS, namely the Italian regulator, based in Rome.
Until September 28, 2018, the shares of Vittoria Assicurazioni were listed on the electronic share market (MTA) managed by Borsa Italiana S.p.A. and therefore the company was also subject to the supervision of the CONSOB - National Commission for Companies and the Stock Exchange, based in Rome.

A.1.3 External auditor

The Shareholders' Meeting of 20 April 2012 appointed the following audit firm for the period 2012 – 2020:
Deloitte & Touche S.p.A.
Via Tortona, 25
20144 – Milan

A.1.4 Significant events occurred during the reference period

On 16 May 2018 Vittoria Capital S.p.A., in consultation with the shareholder Mr. Carlo Acutis, the parent company Yafa S.p.A. and Yafa Holding S.p.A., has launched a voluntary public tender offer and exchange offer promoted by Vittoria Capital S.p.A. concerning the totality of the shares of Vittoria Assicurazioni SpA
The reasons for the offer mainly lie in the desire to pursue the simplification of governance at group level, in order to better enhance a medium-long term industrial vision of Vittoria Assicurazioni S.p.A., allowing the group headed by Yafa S.p.A. to fully integrate its activities, through a simplification of the Company's ownership structure.
Promoting the Offer, Vittoria Capital S.p.A. intends to grant to third-party shareholders of Vittoria Assicurazioni S.p.A. an opportunity to easily disinvest their shares Vittoria Assicurazioni S.p.A. and at more favorable conditions than those recorded in the last few months on the market, without prejudice, in any case, the right of these shareholders to opt for the delivery of the Alternative Price and, therefore, to continue to participate, albeit indirectly, in the capital of Issuer through Vittoria Capital S.p.A.
The communication pursuant to Article 102, paragraph 1, of Legislative Decree 24/02/1998, n. 58 - Public tender offer and voluntary exchange (takeover bid) - was carried out on 16 May 2018.
The Subscription Period to the public tender offer and voluntary exchange on all the ordinary shares of Vittoria Assicurazioni S.p.A., listed on the MTA, began on 23 July 2018 and ended on 31 August 2018. At the end of the Acceptance Period, the offer was submitted to the Offer n. 25,864,274 Shares, equal to approximately 94.17% of the Shares subject to the Offer and to 38.39% of the share capital of Vittoria Assicurazioni.
On 28 September 2018, Vittoria Capital, pursuant to Article 36 of the Issuers Regulation, implemented the Joint Procedure in order to exercise the Right to Purchase pursuant to Article 111 of the TUF and to fulfill the Purchase Obligation pursuant to of Article 108, paragraph 1, of the TUF started on 10 September 2017, relating to the remaining 1,600,250 Vittoria Assicurazioni Shares, equal to 2.38% of the Issuer's share capital.

Therefore, taking into account the n. 25.864.274 Shares submitted in acceptance of the Offer, of the n. 5,450,000 Shares conferred to Vittoria Capital by Yafa Holding, of the no. 1,600,250 Shares coming from the Joint Procedure and of the n. 34,464,400 Shares already held by the same Vittoria Capital, the latter, at the conclusion of the Offer, holds a total of n. 67,378,924 Shares, equal to 100.0% of the share capital of Vittoria Assicurazioni SpA
With provision n. 8487 of 7 September 2018, Borsa Italiana S.p.A. has ordered the revocation of the Shares from the listing on the MTA starting from 28 September 2018, subject to the suspension of the share in the previous sessions of 26 and 27 September 2018.

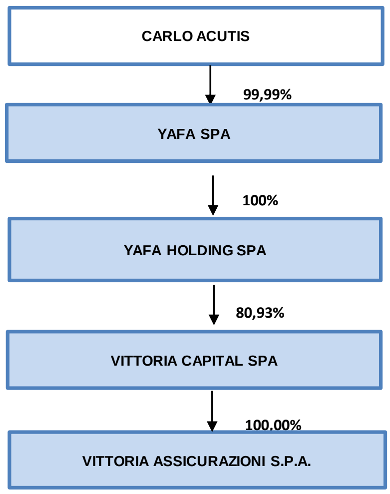
On 1st October 2018, the Boards of Directors of Vittoria Assicurazioni S.p.A. and of Vittoria Capital S.p.A, approved the Merger Plan relating to the reverse merger by incorporation of Vittoria Capital into Vittoria Assicurazioni. This transaction is in line with the reasons of corporate simplification and governance underlying the public purchase offer and voluntary exchange promoted by Vittoria Capital on all the ordinary shares of Vittoria Assicurazioni, already mentioned above.

On 13 February 2019 the Supervisory Authority authorized the merger by incorporation of Vittoria Capital S.p.A. in Vittoria Assicurazioni SpA and approved the related amendments to be made to the articles of incorporation of the incorporating company.

A.1.5 Qualifying holdings in the undertaking (pursuant to Article 13(21) of Solvency II decree)

Following the successful completion of the public purchase offer and voluntary exchange on the totality of the ordinary shares of Vittoria Assicurazioni S.p.A. promoted on 16 May 2018 by Vittoria Capital S.p.A., the latter, on 28 September 2018, became the holder of all the n. 67,378,924 shares making up the entire share capital of Vittoria Assicurazioni. On the same date, the Company's shares were revoked from listing.

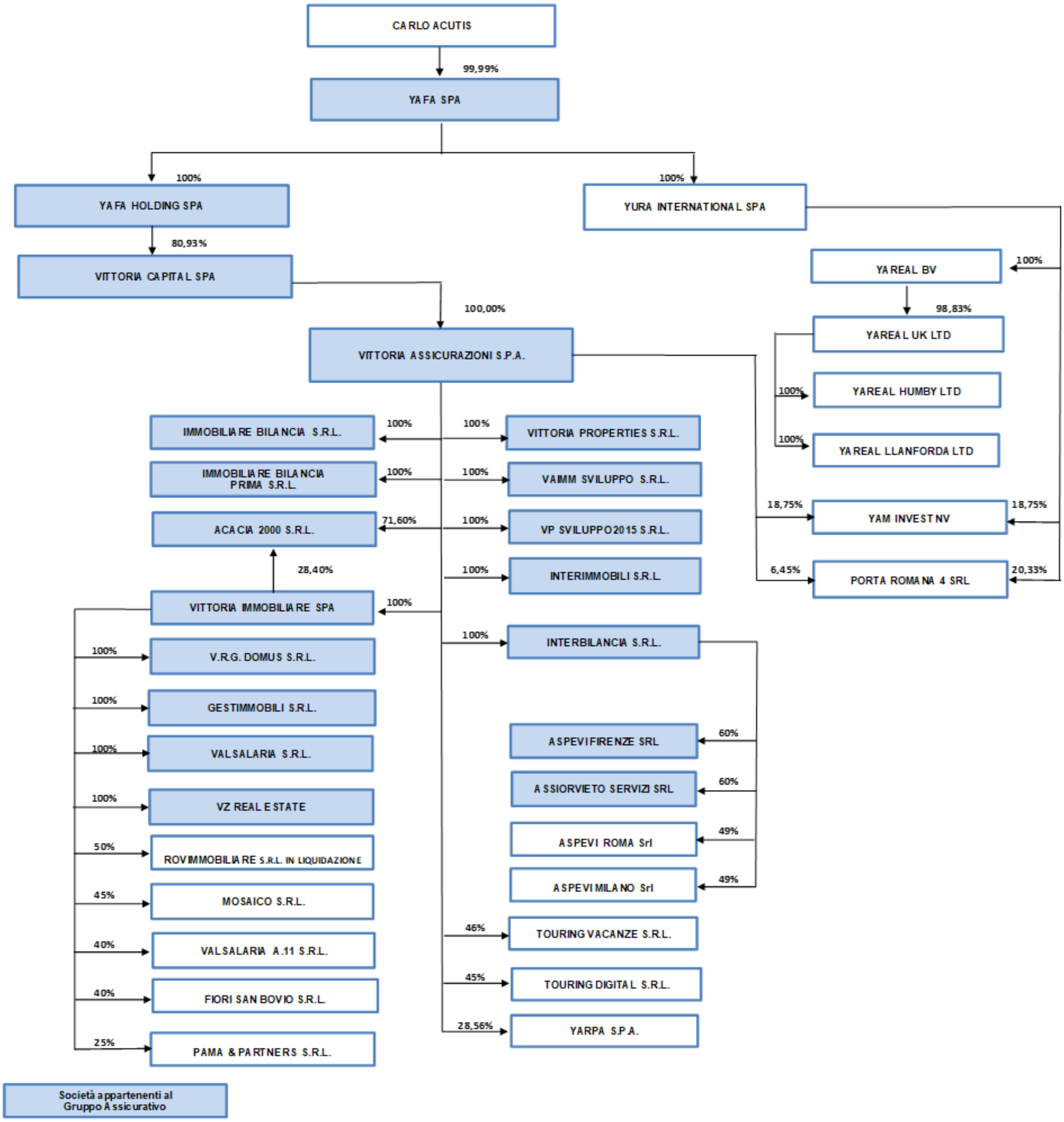
Vittoria Capital S.p.A. is a holding company indirectly controlled by Carlo Acutis, as shown below graphically:



A.1.6 **Undertaking's position within the legal structure of the group**

Vittoria Assicurazioni is part of the Vittoria Assicurazioni insurance group, registered under no. 008 of the Insurance Groups Register held by IVASS and, therefore, is subject to the management and coordination of the parent company Yafa S.p.A.

The chart below shows the subsidiaries and associates of Yafa S.p.A. and Vittoria Assicurazioni as at 31 December 2018:



List of subsidiaries and investee companies directly and indirectly owned by Vittoria Assicurazioni:

Subsidiaries

Name and legal form	State of registered office	Shareholding held
ACACIA 2000 S.R.L.	Italy	100%
ASPEVI FIRENZE S.R.L.	Italy	60%
ASSORVIETO SERVIZI S.R.L	Italy	60%
GESTIMMOBILI S.R.L.	Italy	100%
IMMOBILIARE BILANCIA PRIMA S.R.L.	Italy	100%
IMMOBILIARE BILANCIA S.R.L.	Italy	100%
INTERBILANCIA S.R.L.	Italy	100%
INTERIMMOBILI S.R.L.	Italy	100%
V.R.G DOMUS S.R.L.	Italy	100%
VAIMM SVILUPPO SRL	Italy	100%
VALSALARIA S.r.l.	Italy	100%
VITTORIA IMMOBILIARE S.P.A.	Italy	100%
VITTORIA PROPERTIES S.R.L.	Italy	100%
VP SVILUPPO 2015 S.R.L.	Italy	100%
VZ REAL ESTATE	Italy	100%

Associates (≥ 20%)

Name and legal form	State of registered office	Shareholding held
ASPEVI ROMA S.R.L.	Italy	49%
ASPEVI MILANO S.r.l.	Italy	49%
FIORI S.BOVIO S.r.l.	Italy	40%
MOSAICO S.p.A.	Italy	45%
PAMA & PARTNERS S.r.l.	Italy	25%
ROVIMMOBILIARE S.R.L. - in liquidazione	Italy	50%
TOURING DIGITAL S.R.L.	Italy	45%
TOURING VACANZE S.R.L.	Italy	46%
VALSALARIA A.11 S.r.l.	Italy	40%
YARPA S.P.A.	Italy	27.31%

A.1.7 Undertaking's material lines of business and material geographical areas where it carries out its business

Vittoria Assicurazioni operates in all insurance sectors and bases its activity on a long experience in the insurance field, gained from 1921 to today, for the protection of people, family and companies, throughout the national territory through a widespread commercial organization with over 400 Agencies.

A.2 Underwriting performance

The table below provides information on the performance as at 31 December 2018, compared with data of the previous period.

(€/000)

Underwriting performance by line of business	Premiums written		Claims incurred		Changes in other technical provisions		Expenses	
	31/12/18	31/12/17	**31/12/18**	31/12/17	**31/12/18**	31/12/17	**31/12/18**	31/12/17
Direct Business								
Non-life								
(1) Medical expense insurance	17,905	17,407	(8,577)	(7,709)	-	-	(6,455)	(6,019)
(2) Income protection insurance	90,123	87,250	(28,104)	(28,514)	-	-	(32,562)	(32,049)
(4) Motor vehicle liability insurance	708,862	666,700	(535,387)	(495,817)	-	-	(173,726)	(164,930)
(5) Other motor insurance	130,050	125,329	(67,262)	(65,709)	(390)	(376)	(42,589)	(41,351)
(6) Marine, aviation and transport insurance	3,940	3,974	(2,840)	(1,939)	(5)	(5)	(1,240)	(1,275)
(7) Fire and other damage to property insurance	115,835	105,563	(64,930)	(69,330)	(246)	(233)	(45,390)	(41,231)
(8) General liability insurance	68,583	57,827	(29,269)	(27,369)	-	-	(24,871)	(21,408)
(9) Credit and suretyship insurance	3,801	3,925	(5,981)	(14,570)	-	-	(3,569)	(3,304)
(10) Legal expenses insurance	6,112	5,481	(586)	(329)	-	-	(1,829)	(1,646)
(11) Assistance	27,931	26,389	(8,992)	(7,411)	-	-	(12,325)	(11,573)
(12) Miscellaneous financial loss	22,651	48,226	(328)	(1,122)	-	-	(6,704)	(14,335)
Total Non-life	**1,195,792**	**1,148,072**	**(752,254)**	**(719,820)**	**(641)**	**(614)**	**(351,258)**	**(339,119)**
Life								
(29) Health insurance	1,079	986	(58)	(32)	-	-	(60)	(78)
(30) Insurance with profit participation	190,093	160,980	(86,410)	(98,985)	-	-	(15,257)	(14,131)
(31) Index-linked and unit- linked insurance	24,378	17,965	(27,455)	(2,069)	-	-	(942)	(632)
(32) Other life insurance	12,704	11,213	(7,652)	(13,730)	-	-	(642)	(403)
Total Life	**228,253**	**191,144**	**(121,576)**	**(114,816)**	**-**	-	**(16,901)**	**(15,243)**
Total Direct Business	**1,424,045**	**1,339,216**	**(873,830)**	**(834,636)**	**(641)**	**(614)**	**(368,160)**	**(354,362)**
Reinsurers' share								
Non-life	(45,872)	(36,729)	32,130	40,848	-	-	6,409	5,489
Life	(1,325)	(1,157)	442	7,645	-	-	238	197
Total Reinsurers' share	**(47,197)**	**(37,886)**	**32,572**	**48,493**	**-**	**-**	**6,647**	**5,686**
Total Direct Business net of reinsurers' share	**1,376,848**	**1,301,330**	**(841,257)**	**(786,143)**	**(641)**	**(614)**	**(361,513)**	**(348,676)**

With reference to the Non-Life Business, the Company carries out accepted quota-share reinsurance activity, whose performance as at 31 December 2018 is positive for 84 thousand euro (57 thousand euro as at 31 December 2017).
At 31 December 2018, the life insurance reinsurance obligations showed a positive result of 9 thousand euro (31 as at December 2017 there were no life insurance reinsurance obligations).

The table below shows the geographical split of the premiums relating to direct business, detected according to the location of the agencies.

(€/000)

Regions	Agencies	Non-Life Business Premiums	%	Life Business Premiums	%
NORTH					
Emilia Romagna	36	94,277		41,687	
Friuli Venezia Giulia	8	12,839		1,036	
Liguria	17	44,429		3,558	
Lombardy	107	243,356		81,470	
Piedmont	55	99,991		10,430	
Trentino Alto Adige	10	13,667		1,107	
Valle d'Aosta	1	4,549		833	
Veneto	42	69,244		11,943	
Total	276	582,352	48.7	152,064	66.6
CENTRE					
Abruzzo	13	57,354		7,297	
Lazio	29	112,450		12,153	
Marche	18	41,295		5,608	
Tuscany	51	130,732		12,800	
Umbria	15	57,957		10,978	
Total	126	399,788	33.4	48,836	21.4
SOUTH AND ISLANDS					
Basilicata	4	11,841		1,209	
Calabria	2	3,190		38	
Campania	13	48,181		3,693	
Molise	2	7,311		524	
Puglia	7	29,847		16,139	
Sardinia	12	45,305		1,621	
Sicily	13	67,870		4,129	
Total	53	213,545	17.9	27,353	12.0
Total ITALY	455	1,195,685	100.0	228,253	100.0
France	0	107	0.0	-	-
OVERALL TOTAL	455	1,195,792		228,253	

A.3 Investment performance

The table below provides the total revenues, net of expenses, from investments held by the Company:

(€/000)

Investment performance	Total income 31/12/2018	Total cost 31/12/2018	**Total net income 31/12/18**	Total net income 31/12/17	Change
Investments (other than assets held for index-linked and unit-linked contracts)					
Property (other than for own use)	6,108	(6,968)	(860)	(597)	(263)
Holdings in related undertakings, including participations	441	(12,742)	(12,301)	(900)	(11,400)
Equities					
-Equities — listed	576	(10)	566	449	116
-Equities — unlisted	53,866	(31)	53,835	1,285	52,549
Bonds					
-Government Bonds	47,819	(21,737)	26,083	26,032	51
-Corporate Bonds	10,825	(6,937)	3,888	2,464	1,424
-Structured notes	158	(2)	156	155	1
Collective Investments Undertakings	17,150	(767)	16,383	9,452	6,932
Deposits other than cash equivalents	12	-	12	10	2
Total Investments (other than assets held for index-linked and unit-linked contracts)	136,955	(49,193)	87,762	38,349	49,414
Assets held for index-linked and unit-linked contracts	1,885	(6,731)	(4,846)	2,416	(7,262)
Total	138,841	(55,924)	82,916	40,765	42,151

Revenues refer to income relating to the period, such as coupons, dividends, gains on disposal or reimbursement, value re-adjustments and leasing instalments.
Costs refer to expenses that were directly and indirectly borne for the management of investments, expenses on disposal or reimbursement and value re-adjustments and the depreciation charge of real estate properties under lease.

The result of investments with risk borne by the Company went from 38,349 thousand euro to 87,762 thousand euro, up by 49,413 thousand euro. This increase is due to the sale of the investment in Camfin S.p.A. (formerly Nuove Partecipazioni S.p.A.) which generated total asset income of 38.649 thousand euro, before the tax effect.
The item income from unlisted equity instruments also includes dividends for a total of 15,825 thousand euro, mainly distributed by the company Yam Invest N.V ..
During the year write-downs were made on the shares held in real estate companies for 12,060 thousand euro.

The weighted average return of the “bonds and other fixed-income securities” went from 1.8% at 31 December 2017 to 1.6% at 31 December 2018.

A.4 Performance from other activities

The following table summarizes the components of the income statement other than the subscription results and the investment results described in the previous paragraphs:

(€/000)

Results of other activities	31/12/18	31/12/17	Differenze
Other income	4,167	2,636	1,531
Other charges	(25,985)	(12,498)	(13,487)
Extraordinary income	1,323	5,958	(4,635)
Extraordinary charges	(515)	(392)	(123)
Total results from other activities	(21,011)	(4,297)	(16,714)

The item other income is mainly related to:

- interest on bank current accounts for 583 thousand euro (84 thousand euro in the previous year);
- revenues from invoicing and reimbursements for 608 thousand euros (805 thousand euros in the previous year);
- withdrawals from the bad debt provision of €553 thousand (€733 thousand in the previous year).

The item other charges mainly relates to:

- bank interest and charges for 609 thousand euro (558 thousand euro in the previous year);
- amortization of intangible assets for 7,530 thousand euro (3,943 thousand euro in the previous year);
- provisions for risks and charges of 8,543 thousand euro, mainly relating to lawsuits in progress, to the reimbursement of premiums, and to a marketing operation for the purposes of customer loyalty;
- provisions for 1,663 thousand euro relating to bad debts.

Extraordinary income and expenses mainly refer to contingencies.

The Company does not currently have any operating or financial leasing contracts in place.

A.5 Other information

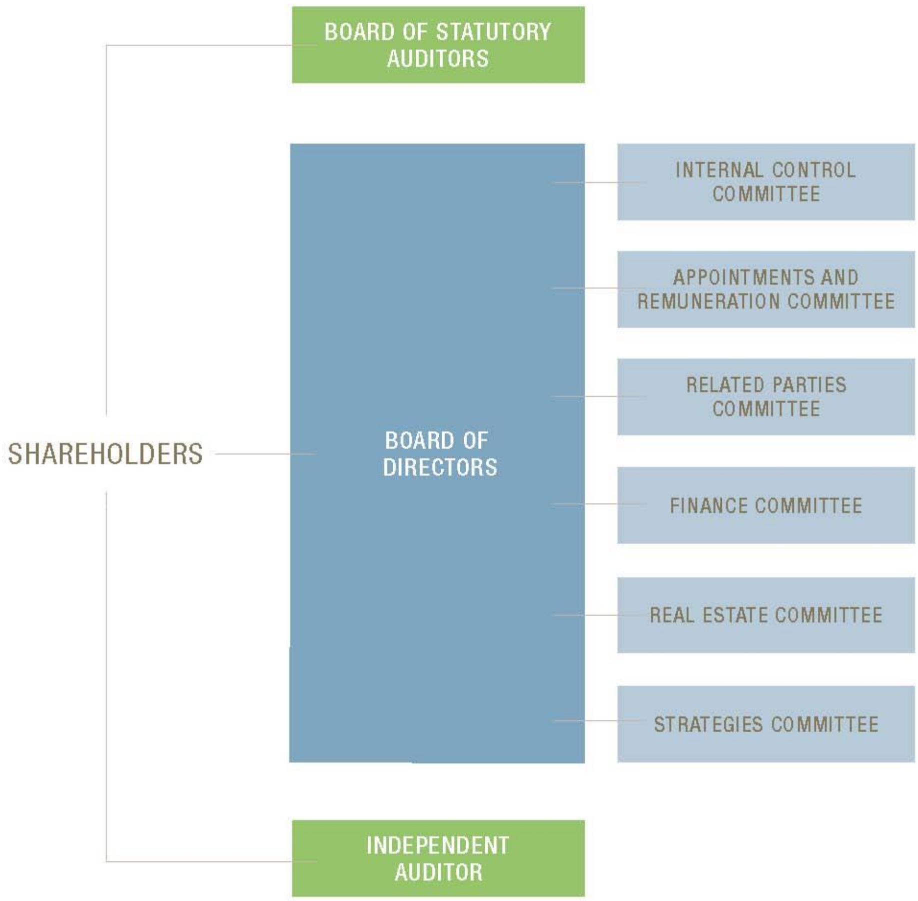
Nothing to be reported.

B. System of Governance

B.1 Overall information on the system of governance

Vittoria Assicurazioni S.p.A. (hereinafter also the "Company") is part of the insurance group of the same name registered under no. 008 of the Insurance Groups Register kept by the Insurance Supervision Institute (hereinafter IVASS) and is subject to management and coordination by the Parent Company Yafa S.p.A., the last Italian parent company. Yafa S.p.A. is responsible for implementing the corporate governance provisions at group level, pursuant to art. 215-bis, paragraph 2 of the Private Insurance Code.
The areas subject to the direction and coordination of the Parent Company Yafa S.p.A. are identified in the Group Regulations, approved by the Board of Directors of Yafa S.p.A. The Company has been delegated by the Parent Company to carry out the management and coordination activities of its subsidiaries.
The Company's corporate governance system, which refers to the traditional model governed by articles 2380 to 2409 of the Civil Code, provides for management activities entrusted to the Board of Directors and control activities entrusted to the Board of Statutory Auditors, both appointed by the Shareholders' Meeting. The accounting control is entrusted to an auditing company.
Vittoria Assicurazioni was listed on the Milan Stock Exchange from 1988 until 28 September 2018. From that date, in fact, Borsa Italiana ordered the revocation of the listing of the ordinary shares from the electronic stock market, following the success of the public offer of purchase and exchange launched by the parent company Vittoria Capital SpA on 16 May 2018.
With the revocation of the listing, the Group wanted to achieve the maintenance of the management of the company focused on medium and long-term objectives, as well as to pursue the simplification of governance at the Group level in order to better enhance the industrial vision of Vittoria Assicurazioni.
Despite the absence of the listing and the consequent governance obligations imposed by the legislation, Vittoria Assicurazioni SpA aims to maintain a high level of corporate governance by maintaining all those safeguards aimed at guaranteeing transparency and fairness in relations with stakeholders.
Following the delisting, with the approval of the project for the merger by incorporation of Vittoria Capital into Vittoria Assicurazioni, the Board of Directors approved a new statutory text, the provisions of which will become effective only upon completion of the final deed of fusion. In the new By-laws, the legislative references deriving from the listing, such as the method for convening the Shareholders' Meeting, the methods for appointing the administrative body and the control body, have been eliminated and the independence requirements for the Directors have been defined.

GOVERNANCE STRUCTURE



The Company's corporate governance system is articulated in the awareness of the essential link that exists between the following elements:

- the objectives that the Company aims to achieve with the related corporate strategies;

- the risk management system, or events that may negatively affect the pursuit of objectives, assessed in terms of probability and impact;

- the internal control system, or the protections to be put in place to ensure compliance with regulatory provisions, the effectiveness and efficiency of company operations, as well as the availability and reliability of financial and non-financial information.

The internal control and risk management system therefore plays a fundamental role in the Company's corporate governance. It is based on the joint activity of the various parties involved, in particular the Board of Directors, its Committees, the Board of Statutory Auditors, the Supervisory Body, the Fundamental Functions and the corporate business and service functions (so-called Risk Owners) and consists of the following elements:

- the Code of Ethics approved by the Board of Directors;

- a structured system of policy guidelines approved by the Board of Directors;

- an organizational system of human and technological resources, consistent with the strategy and with company policies, which finds its formalization in the drafting of the organization chart and function chart, periodically updated, aimed at defining the tasks and responsibilities assigned to the individual business units , as well as in the delegation system;

- the attribution to the individual company functions of the responsibility of:

- ✓ identify the risks associated with your business and evaluate the related impact, monitoring its performance on an ongoing basis;
- ✓ guarantee an adequate level of reporting to the functions in charge;
- ✓ activate, where necessary, the appropriate mitigation and treatment actions;

- the existence of second-level control functions (Risk Management, Compliance, Actuarial) which oversee the process of identifying, assessing and mitigating risks, ensuring their consistency with corporate objectives and meeting independence criteria;

- the existence of a third-level control function (Internal Audit), which carries out independent assessments on the design and operation of the internal control system and the risk management system, also for the purpose of providing assurance to the Board of Directors and to senior management on their effectiveness;

- a system of business rules, consisting of the set of provisions (macro-processes, processes, procedures, organizational and circular provisions) aimed at ensuring, with a reasonable safety margin, the achievement of the corporate objectives. These provisions, which are subject to constant monitoring and adaptation, represent the tool through which company processes are defined, roles, responsibilities, operational and control methods are identified, and adequate levels of segregation of duties and responsibilities are guaranteed, both between distinct organizational units and within them. The provisions are formalized and disseminated to all corporate structures;

- a continuous training and updating activity, aimed at all employees and members of the corporate bodies, on issues not only of a technical / insurance nature but also on the principles referred to in the Code of Ethics, as well as on the evolution of primary and secondary legislation.

The Board of Directors, following the self-assessment process carried out in accordance with the IVASS Letter to the Market dated 7 July 2018, acknowledged the applicability to the Company's corporate governance system of the safeguards envisaged for the "reinforced" system, as identified in the aforementioned Letter to the Market, given the presence of certain quantitative parameters and elements of complexity that define the risk profile. In particular, the evaluation was based on the following parameters:

- dimensional parameter: total Non-Life premium income at 12/31/2018 amounted to €1,195,907,293, with the consequent exceeding of the one billion threshold indicated by IVASS as a dimensional threshold beyond which it is appropriate to adopt a governance system more stringent;

- complexity parameter: the strengthened regime is also required for the joint exercise of the Non-Life and Life classes and for the circumstance that the Company has issued a bond loan listed on a regulated market.

B.1.1 Roles and responsibilities of the administrative, management or supervisory bodies and key functions

Structure of the Board of Directors

The Board of Directors in office was appointed by the Shareholders' Meeting held on 27 April 2016 for the FYs 2016, 2017 and 2018, hence till the date of the Meeting that will approve the financial statements as at 31 December 2018.

The Board of Directors has set up six internal committees with advisory and proposing functions:

- Strategy Committee

- Finance Committee

- Real Estate Committee

- Related Parties Committee

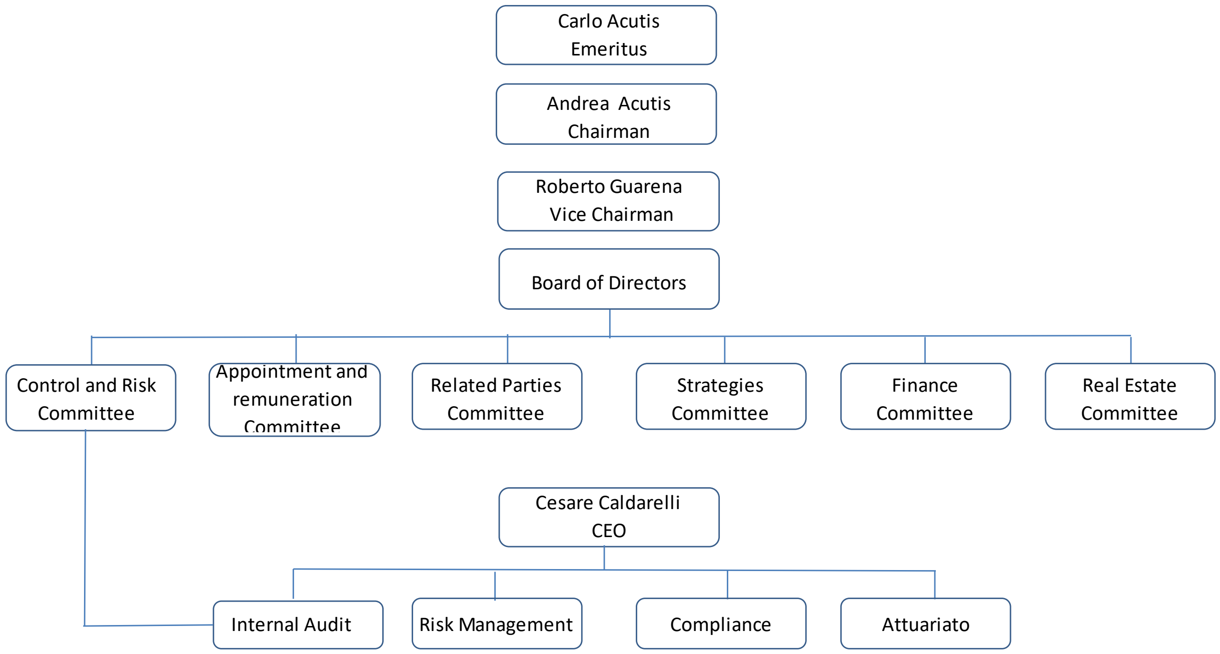
- Appointments and Remuneration Committee

- Control and Risk Committee

The duration of the mandates of the committees coincides with that of the Board of Directors.

In setting up the committees, the Board, in addition to taking into account the sector regulations, considered the Company's operations, in particular, as regards investments in the real estate sector and the indications that emerged from the self-assessment processes on the functioning of the Board, carried out in compliance with the law.

In the composition of the Committees, the Board considered the requisites envisaged by the sector Regulations, the professional profiles of the Directors, their past experience as well as the number of other positions held and the availability shown by the individuals concerned.



COMPOSITION OF THE BOARD OF DIRECTORS

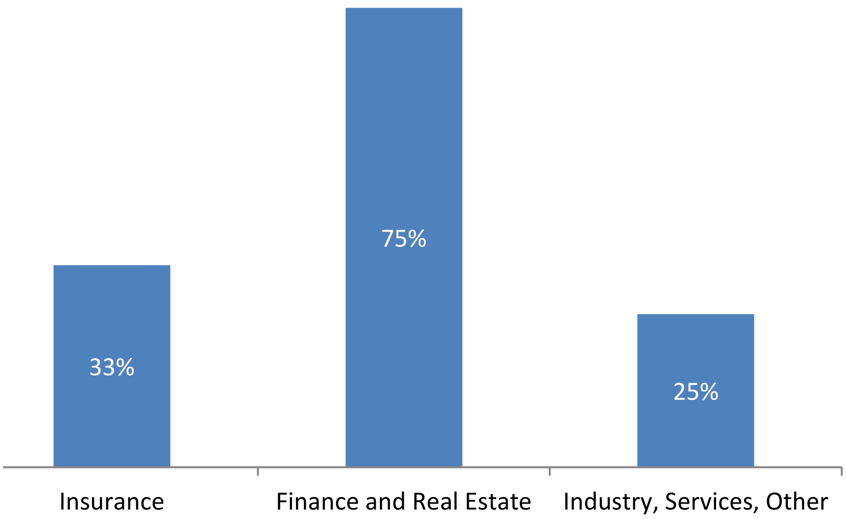
At the date of preparation of this Report, the Board of Directors is made up as follows:

		Esec.		Indep.	Control and Risk	Appoint. Remuner	Related Parties	Finance	Real Estate	Strateg.
ACUTIS Carlo	Emeritus Chairman		M					X	X	X
ACUTIS Andrea	Chairman		M					P	P	P
GUARENA Roberto	Vice Chairman		M							
CALDARELLI Cesare	Manging Director	X	M					X	X	X
ACUTIS BISCARETTI di RUFFIA Adriana	Director		M					X	X	
BRIGNONE Marco	Director		M	X			X			
GOBBI Luciano	Director		M	X						
GUERRA SERAGNOLI Lorenza	Director		M	X						
MARSIAJ Giorgio	Director		M	X						
MASSARI Maria Antonella	Director		m	X	X	P	P			
MORENA Marzia	Director		M	X	X				X	
PAVERI FONTANA Luca	Director		M			X		X	X	X
SPADAFORA Giuseppe	Director		M	X	P	X	X	X	X	X

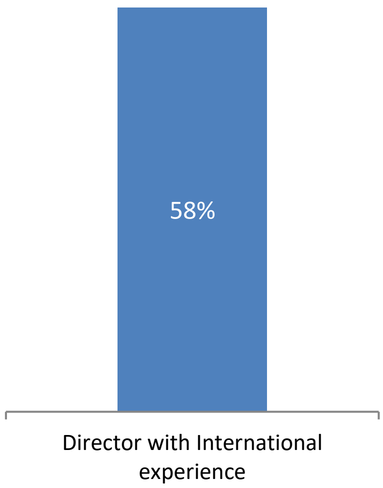
M/m: majority/minority

P: Chairman of the Commitee

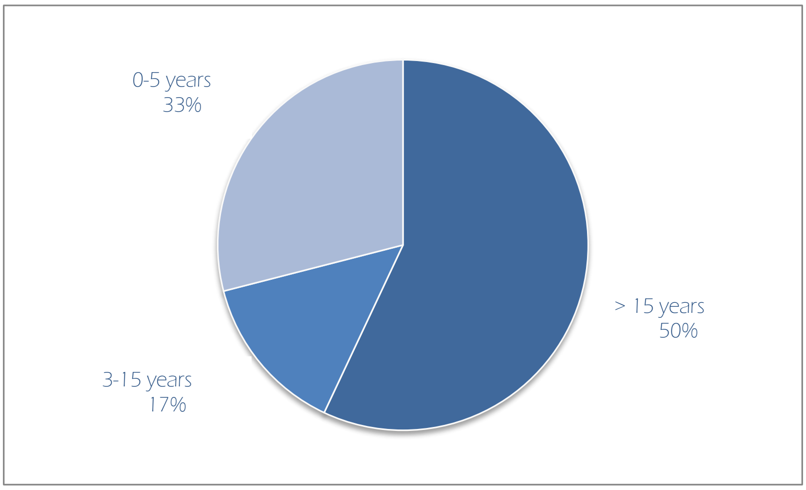
Professional background of Directors
All Directors have managerial or teaching experience in the fields of insurance, finance and real estate, industry, services and other sectors



International experience of Directors



Board of Directors Membership



Evolution from the previous Board

	Previous Board	Current Board*
Number of Directors	16	13
Directors designated by minority	1	1
Percentage of female Directors	25%	31%
Average age of Directors	63	64
Status of the Chairman	Non executive	Non executive
Appointment of the *Lead Indipendent Director*	Yes	Yes

* as at 8 April 2019
The independence of the Directors is assessed according to the criteria and the application principles set forth in the Code of Conduct for listed companies approved by the Corporate Governance Committee and promoted by Borsa Italiana, as envisaged by the By-laws still in force, as described above.

Functions of the Board of Directors

Pursuant to Article 18 of the By-Laws, the Board of Directors is vested with the broadest and unlimited powers for the ordinary and extraordinary management of the Company; all the necessary and opportune powers are conferred upon it for implementation and achievement of the corporate objectives that are not expressly reserved to the General Meeting.
In particular, the Company's Board of Directors is responsible for the strategic guidelines concerning the business strategies of the Company and its subsidiaries, in compliance with the guidelines provided by the Parent Company.

The Board of Directors has ultimate responsibility for the corporate governance system and ensures that it is suitable for achieving the following objectives:

- the efficiency and effectiveness of company processes;

- the identification, even the prospective assessment, the management and the adequate control of risks, in line with the strategic guidelines and the risk appetite of the company also in a medium-long term perspective;

- the timeliness of the corporate information reporting system;

- the reliability and integrity of accounting and management information;

- safeguarding the assets in a medium-long term perspective.

The Board also verifies that the corporate governance system is consistent with the strategic objectives, the propensity to risk and the risk tolerance limits established and is able to grasp the evolution of business risks and the interaction between them.

The duties and responsibilities of the Board of Directors in defining the corporate governance system therefore concern the following areas of competence:

- Strategies

The Board is responsible for defining, on the proposal of the management and with the support of the Strategies Committee, the objectives and strategies in a medium-long term perspective, in order to pursue the business objectives, as well as to guarantee the protection of the assets.

The Board is therefore responsible for approving, based on the macroeconomic market framework, strategic plans, including the strategic ICT plan including corporate cyber security and annual budgets.

- Governance system

The Board of Directors defines and approves the directives on the subject of corporate governance, reviewing them at least once a year, and takes care of adapting them to changes in corporate operations and external conditions.

Approves the organizational structure of the Company, as well as the assignment of tasks and responsibilities, ensuring that adequate decision-making processes are adopted and formalized, with an appropriate separation of functions and ensuring that the tasks and responsibilities are properly assigned and coordinated in line with the Company Policies. It ensures the presence of an adequate and effective interaction between all the Committees, the Senior Management and the Fundamental Functions, guaranteeing also the continuous professional updating.

To this end, the Board approves adequate policies aimed at defining the characteristics, the requirements and the tasks assigned to the corporate bodies of the company as well as the regulation concerning the formalization of the acts adopted by the actors of the corporate governance system. At the same time, it ensures that the policies of addressing are adapted to changes in strategic objectives, to company operations and compliance over time, guaranteeing a review at least annually. In addition, the Board defines the remuneration policies annually by submitting them to the approval of the Shareholders' Meeting.

<u>- Internal control and risk management</u>

The Board of Directors is responsible for defining the strategies and guidelines for internal control and risk management and for guaranteeing its adequacy and durability, in terms of completeness, functionality and effectiveness.

To this end, it determines the system of risk objectives, defining, also on the basis of the internal risk and solvency assessment, the risk propensity of the Company consistent with its solvency requirement. It identifies the types of risks that it considers to be taking, consistently setting the relative tolerance limits, which it reviews at least once a year, in order to ensure its effectiveness over time.

Adopts appropriate policies regarding internal control and risk management, including environmental and social risks, generated and suffered, in order to guarantee the effectiveness of the system and, therefore, the correct functioning of the company mechanisms, compliance with the law and the reliability of all information. These policies include the specific elements of the internal control and risk management system, including the emergency plan (c.d. contingency plan), aimed at ensuring the regularity and continuity of the business.

<u>Chairman of the board of directors</u>

Pursuant to Article 15 of the Articles of Association, the Chairman of the Board of Directors has a non-executive role and does not perform any management function.

The main function of the President is to regulate and coordinate the collegial activity of the members of the Council, of which he chairs the meetings; he convenes the Board of Directors, sets the agenda, coordinates the work and ensures that all the directors are provided with adequate information on the items on the agenda; draws up and signs, together with the secretary, the minutes of the meetings.

For the correct execution of the Board's work, the President ensures that:

- the documentation supporting the resolutions of the administrative body is transmitted to the Directors with adequate advance notice. The documents that, for reasons of opportunity, are not anticipated to the Directors are delivered during the board meetings and are adequately analyzed during the meetings;

- the documentation supporting the resolutions, in particular the documentation made to the members without executive powers, is adequate in terms of quantity and quality with respect to the matters included in the agenda. In preparing the agenda and conducting the Council debate, the Chairman ensures that issues of strategic importance are treated with priority, ensuring that the necessary time is dedicated to them;

- the dialectic is ensured, as well as the active participation between the delegated members and those without delegations;

- the self-assessment process of the administrative body is carried out effectively, the manner in which it is conducted is consistent with the degree of complexity of the work of the Administrative Body, appropriate corrective measures are taken to deal with any shortcomings found, as well as prepared and implemented insertion programs and training plans for the members of the body.

<u>CEO</u>

The Chief Executive Officer ensures the pursuit of the objectives defined by the Board of Directors, imparting the consequent management directives; handles the implementation of the resolutions of the Board of Directors and the operational management of corporate affairs, making use of the Company's Senior Management; ensures the governance, supervision and coordination of the entire activity of the subsidiaries.

The Board of Directors has given the Chief Executive Officer the broadest management and executive powers, defining quantitative methods and limits for their exercise, as well as the role of Director in charge of the internal control and risk management system.

Functions of the Control and Risk Committee

The main function of the Control and Risk Committee, composed of non-executive Directors, the majority of whom are independent, is to assist the Administrative Body in determining the guidelines of the internal control and risk management system, in the periodic verification of its adequacy and of its actual functioning and in the identification and management of the main business risks. It also carries out surveys.

In particular, the Committee:
- supports, with adequate preliminary work, the Board of Directors in defining the governance system and the internal control and risk management system:
  - ✓ examining in advance all the Policies of address and reporting to the Board of Directors the results of its own assessments;
  - ✓ examining the Remuneration Policy and the related report;
  - ✓ evaluating the adequacy of the organization chart, the function chart and the delegation system;
  - ✓ evaluating the adequacy of the Code of Ethics.
- continuously verifies the adequacy and effectiveness of the internal control and risk management system with respect to the characteristics of the Company and the risk profile assumed.

Regarding the risk management system:
- verifies the existence of adequate processes and systems for the definition of risk appetite, as well as for continuous monitoring;
- verifies the updating of the risk appetite document (Risk Appetite), its formalization and the dissemination of the related document complex;
- checks the execution of any corrective actions, defined by the Board of Directors or by the Senior Management, respectively in the event of deviation beyond or within the tolerance thresholds;
- analyzes the ORSA report concerning the methodologies, processes and outcomes of the internal, current and future assessment of risks and solvency, monitoring the implementation of the assessments, even in stress conditions, at pre-established intervals and at the event;
- may request the Internal Audit Function to carry out checks on specific operating areas, giving simultaneous notice to the Chairman of the Board of Statutory Auditors.

The Committee reports to the Board on the activity carried out, as well as on the adequacy of the internal control and risk management system and expresses opinions on specific aspects concerning the identification of the main business risks.
It also plays a liaison role between the Board of Directors and the Supervisory Body for issues concerning the application of Legislative Decree 231/2001.

The activity carried out by the Control and Risk Committee is coordinated and harmonized with that of the Board of Statutory Auditors, through:

- systematic and legal participation in the meetings of the Control and Risk Committee of all the members of the Board of Statutory Auditors;
- coordination on the agenda of the Control and Risks Committee, in order to achieve greater efficiency, avoiding duplication in the performance of the respective tasks.

In carrying out its duties, the Committee has the right to access the information and the Company Functions necessary for the performance of its duties and may use external consultants.

Functions of the Appointment and Remuneration Committee

The main function of the Appointments and Remuneration Committee, composed in majority of independent non-executive Directors, is to assist the Administrative Body in the resolutions concerning the appointments of top management and in outlining the Remuneration Policies.
With regard to the appointments, the Committee has advisory and investigative functions for the constitution and functioning of the Board of Directors and for appointments concerning top management. In particular, the Committee:

- formulates opinions to the Board of Directors with regard to the size and composition of the Board and of the Committees;
- makes recommendations:
    - with respect to the professionals whose presence within the Board is deemed advisable;
    - with regard to the availability of time compatible with the effective performance of the position of Director, taking into account the participation of directors in committees within the Company's Board of Directors;
    - with regard to the cases of derogation from the non-competition prohibition envisaged by art. 2390 of the Civil Code.
- formulates proposals for the appointment of Directors, for the conferment of corporate offices within the Board, as well as for the appointment of members of Senior Management;
- assists the Chief Executive Officer in preparing career and replacement plans for members of Senior Management and the Company's Central Directors;
- carries out the preliminary investigation on the possible preparation of the succession plan for executive Directors;
- carries out the verification activities envisaged by the Evaluation Policy for the suitability requirements;
- supports the Board in analyzing the results of the annual assessment on the functioning of the Board itself and its Committees, as well as on their size and composition.

With regard to remuneration, the Committee has advisory and preliminary functions for determining the remuneration of Directors holding special offices, as well as on remuneration and retention policies for relevant personnel ("risk takers"). In particular, the Committee:

- performs advisory and proposal functions in the context of the definition of the remuneration policies and formulates proposals regarding the remuneration of the Chairman Emeritus, the Chairman, the Deputy Chairmen and the Managing Directors, as well as Directors with special duties;
- formulates proposals to the Board, upon indication of the Chief Executive Officer, to determine the remuneration of the Company's Senior Management;
- verifies the adequacy of the overall remuneration scheme, as well as the proportionality of the CEO's remuneration with respect to the relevant personnel of the company;
- periodically verifies the remuneration policies in order to guarantee their adequacy even in the event of changes to the operations of the company or the market context in which it operates;
- identifies potential conflicts of interest and the measures adopted to manage them;
- verifies the occurrence of the conditions for the payment of the incentives of the relevant personnel;
- provides adequate information to the Board of Directors on the effective functioning of the remuneration policies.

No person attends the meetings where proposals are made regarding their own remuneration.

Functions of the Related-Party Committee

The Committee has the task of examining in advance the transactions with related parties that are proposed by the competent corporate structures and formulating opinions on the performance of the same, verifying their formal and substantial correctness.

Functions of the Strategies Committee

The Committee supports the Board and Top Management by defining corporate objectives and strategies. In particular, the Committee assists the Board and Top Management in following activities:

- identification of market evolution and related strategic challenges to be addressed also with a view to sustainability; analysis of the different strategic options at disposal;
- definition of the multi-year strategic plans;
- development of the Key Performance Indicators and their monitoring.

Functions of the Finance Committee

The Finance Committee has the task of supporting the Board through preliminary and propositional activities:

- defining policies and strategies for risk management, risk appetite and capital management;
- defining investment policies and strategies and supervising their implementation.

Furthermore the Committee:

- assists the Board in the periodic review and management (implementation, maintenance and monitoring) of the "Risk Appetite" (RA);
- provides support to the Board for the definition of risk tolerance levels and for the analysis of monitoring results, with particular reference to investment activities, ALM and liquidity, underwriting and reservation risks, both Non-Life and Life, and the risks associated with the use of reinsurance;
- periodically examines the securities portfolios both with risk borne by the company and with risk borne by the insured;
- periodically examines the financial situation of the Group's real estate companies, verifying compliance with the exposure limits in the real estate segment determined by the Board;
- evaluates the results of the internal risk assessment and solvency process, from a current and future perspective (ORSA), also in stress scenarios.

Functions of the Real-Estate Committee

The Real Estate Committee has the following tasks:
- define the development strategies of the real estate sector;
- evaluate the investment proposals in the real estate sector that are proposed by the operational managers;
- supervise the performance of the Group's real estate investments.

Structure of the Board of Statutory Auditors

The Board of Statutory Auditors in office was appointed by the Shareholders' Meeting held on 27 April 2016 for the FYs 2016, 2017 and 2018, and hence till the date of the Meeting that will approve the financial statements as at 31 December 2018.

As at the date of this Report, the Board of Statutory Auditors was as follows :

Giuseppe CERATI	Chairman
Giovanni MARITANO	Standing statutory auditor
Francesca SANGIANI	Standing statutory auditor
Monica MANNINO	Substitute statutory auditor
Maria Filomena TROTTA	Substitute statutory auditor

Functions of the Board of Statutory Auditors

The Board of Statutory Auditors performs the functions required by sector regulations and, in particular, what is set forth in Article 8 of IVASS Regulation n. 38/2018, as well as by article 19 of Legislative Decree n. 39/2010; in particular:

- monitors the financial reporting process;
- monitors the effectiveness of the internal control and risk management systems;
- monitors the statutory audit of the annual and consolidated accounts;
- verifies the independence of the company appointed to audit the accounts, verifying both the compliance with the relevant regulatory provisions and the nature and extent of the services other than the statutory audit provided to the Company and its subsidiaries, both by the same Auditing company that of the entities belonging to its network;
- verifies the adequacy of the organizational, administrative and accounting structure adopted by the company and its actual functioning;
- verifies the suitability of the definition of the proxies, paying particular attention to the separation of responsibilities in the tasks and functions;
- evaluates the efficiency and effectiveness of the corporate governance system, with particular regard to the work of the internal audit function, which must verify the existence of the necessary autonomy, independence and functionality;
- maintains an adequate connection with the internal audit function;
- ensures the timely exchange with the auditing company of the data and information relevant for the performance of their duties, also examining the periodic reports of the auditing company;
- report to the Board of Directors any anomalies or weaknesses in the organizational structure and the corporate governance system, indicating and requesting appropriate corrective measures. During the mandate it plans and carries out, also in coordination with the auditing company, periodic supervisory interventions aimed at ascertaining whether the reported deficiencies or anomalies have been overcome and whether, with respect to what was verified at the beginning of the mandate, significant changes occurred in the operations of the company that require an adjustment of the organizational structure and of the corporate governance system;
- ensures the functional and information connections with the control bodies of the other companies belonging to the Group;
- maintain evidence of the observations, of the proposals formulated and of the verification of the implementation of any corrective measures.

The activity of the Board of Statutory Auditors is coordinated with that of the Control and Risk Committee, in order to achieve greater efficiency, avoiding duplication in the performance of the respective tasks.

Supervisory body

The Supervisory Body (SB), a collegiate body composed of three to five members and set up in compliance with the provisions of art. 6 of Legislative Decree n. 231/2001, performs supervisory and control functions with regard to the functioning, effectiveness, adequacy and compliance with the Organization and

Management Model adopted by the Company in order to prevent the criminal offenses considered by the aforementioned legislation. In carrying out its functions, the Supervisory Body shall comply with the principles of autonomy and independence and for this purpose:

- only responds to the Board of Directors with whom it has a direct link or through the Control and Risk Committee;
- has a direct link with the top management and with the Board of Statutory Auditors.

Auditor

On 20 April 2012, the Shareholders' Meeting appointed Deloitte & Touche S.p.A. as independent auditor for 2012 – 2020.

Senior Management

Pursuant to current legislation, Senior Management means the Chief Executive Officer, the General Manager and the senior management responsible for decision-making and strategy implementation.

In Vittoria Assicurazioni SpA this category includes the roles of Chief Executive Officer, General Manager, Joint General Manager and Deputy General Manager.

These subjects participate in the discussion of the fundamental choices of the company, which are submitted to the Board of Directors and guarantee the implementation of the guidelines and guidelines through the operational Functions, taking care to make an adequate separation of duties both between individuals subjects who between functions, aimed at achieving an adequate dialectic between them and avoiding potential conflicts of interest.

The highest executive powers are attributed to senior management, in line with the model of powers and delegations adopted.

In particular, the main areas of responsibility for each of the four structures that make up the Top Management are indicated below.

<u>JOINT GENERAL MANAGER SALES AND MARKETING</u>

The Joint General Manager Sales and Marketing is responsible for ensuring:

- the elaboration of the Policies and commercial and marketing strategies for all the Company's business areas and to ensure their correct application;
- the development, management and monitoring of the distribution networks (agencies, banks, brokers and financial advisors) and the relative performances;- management of the Company's communication with customers and distribution networks, through the monitoring of communication channels (website, digital and traditional channels, toll-free numbers);
- the development, monitoring and updating of non-life products.

<u>JOINT GENERAL MANAGER SERVICES AND REAL ESTATE</u>

The Joint General Manager Services and Real Estate is responsible for ensuring:

- the overall governance of the Company's human resources, ensuring consistency between staffing requirements, professional development and economic / administrative treatment;
- monitoring and development of the information systems of the Company and of the subsidiary and subsidiary real estate companies;
- alignment of the organizational structure, company processes and project initiatives with the strategic objectives of the Company.

DEPUTY GENERAL MANAGER NON-LIFE AND LIFE

The Deputy General Manager Non-Life And Life is responsible for:

- defining the Company's technical policies (subscription and reservation, reinsurance, settlement) and ensure their correct application;
- ensuring the correct assumption of risks and the management of the Non-Life and Life portfolios;
- identifying the business sectors of interest to the Company (Non-Life and Life classes) and ensure the development, monitoring and updating of Rami Vita products;
- guaranteeing the correct management of claims and govern the Company's liquidation structure.

Fundamental Functions

Premise

In order to ensure the sound and prudent management of its business, the Company, in line with the provisions of the Private Insurance Code, has established the following basic functions: the Internal Audit Function (hereinafter "Internal Audit Function") , the Compliance Verification Function (hereinafter the "Compliance Function"), the Risk Management Function (hereinafter "Risk Management Function") and the Actuarial Function (hereinafter "Actuarial Function").The fundamental company functions, identified under Article 42 of Solvency II Directive, are Internal Audit, Compliance, Risk Management and the Actuarial Function.

The Board of Directors has defined the responsibilities, tasks, operating procedures of the Fundamental Functions as well as the nature and frequency of reporting to the Corporate Bodies and to the other Functions concerned, as required by art. 26, paragraph 2, of IVASS Regulation n. 38 of 3 July 2018.
The Functions are proportionate to the nature, extent and complexity of the risks inherent to the Company's activity and, in compliance with the principle of separation between operational and fundamental functions, independence, autonomy and objectivity of judgment are guaranteed.
In light of the above, the organizational solutions adopted are reported:
- the Fundamental Functions are set up as a specific organizational unit and each unit has been assigned one of the four Functions, according to the required specializations;
- the Fundamental Functions cannot be outsourced;
- the Owner of the Fundamental Functions is not the head of operating areas, nor is he / she hierarchically dependent on subjects responsible for said areas;
- the Fundamental Functions have human resources in possession of specialized knowledge and are responsible for the professional, technological and financial updating necessary for the performance of the activity;
- the Fundamental Functions report directly to the Board of Directors, also through the Control and Risks Committee, through appropriate reporting procedures in which the activity carried out, the results of the checks carried out and any recommendations are given;
- the Fundamental Functions have free access to the activities of the company, to the company structures and to all the pertinent information, including information useful for verifying the adequacy of the controls performed on the outsourced Functions.

The Fundamental Functions work together to carry out their respective duties and ensure adequate collaboration, including information, with the Board of Statutory Auditors.

B.1.2 Significant changes to the governance system introduced in the reference period

The main changes in the governance system in the course of 2018 are reported in chronological order:

24/01/2018	Appointment of Mr. Adriano Chioetto, Director responsible for the Motor and Transport underwriting department, for the position of Central Director with effect from 1 February 2018.

15/03/2018	The Complaints Service Department reports to the new Compliance and Complaints organizational unit, whose responsibility is assigned to Mrs Giuseppina Marchetti with effect from the same date. At the same time, the responsibilities relating to the Anti-Money Laundering Function are placed within the Legal Anti-Money Laundering organizational unit, whose responsibility remains assigned to Mr. Alberto Giani.
04/05/2018	Appointment of the data protection officer to Mrs. Giuseppina Marchetti, Head of the Compliance Department, Claims and Policy.
16/05/2018	Launch, by the parent company Vittoria Capital, of the offer takeover bid and voluntary exchange concerning all the ordinary shares of Vittoria Assicurazioni S.p.A. deducted, in addition to the no. 34,464,400 shares held directly by Vittoria Capital S.p.A, no. 5,450,000 shares held by Yafa Holding S.p.A.
18/07/2018	Resignation of the Director Mr. Giorgio Roberto Costa, following a situation of incompatibility pursuant to article 36 of the Legislative Decree 201/2001, converted with modifications by Law 214/2011 (prohibition of interlocking).
28/09/2018	At the conclusion of the OPAS launched in May, Vittoria Capital S.p.A. has become the owner of all the n. 67,378,924 shares making up the entire share capital of Vittoria Assicurazioni. From the same date the ordinary shares of Vittoria Assicurazioni are revoked from the listing.
01/10/2018	The Boards of Directors of Vittoria Assicurazioni S.p.A. and Vittoria Capital S.p.A. approve the Merger Plan for the incorporation of Vittoria Capital S.p.A into Vittoria Assicurazioni S.p.A. The transaction is subject to the authorization of IVASS pursuant to Article 201 of the Insurance Code.
27/11/2018	Resignation of the Director Mrs. Roberta Urban, following the sale to Yafa Holding S.p.A of the entire holding in Vittoria Capital by Munchener Ruck, of which Ms URBAN is exponent.
15/1/2019	Integration of the Board Committees of which Mrs Roberta Urban was a member, resigned in November 2018: (i) appointment of Mr. Luca Paveri Fontana as member of the Nomination and Remuneration Committee; (ii) appointment of Ms. Marzia Morena as a member of the Control and Risk Committee; (iii) appointment of Ms. Maria Antonella Massari as Chairman of the Related Parties Committee.
23/1/2019	Cooptation, pursuant to Article 2386 of the Civil Code, of Mr. Luciano Gobbi on the Company's Board of Directors.
23/1/2019	The Board of Directors has redefined the scope of subjects that fall under the definition of "Top Management", in order to ensure greater consistency with respect to the organizational structure adopted, identifying those members of Senior Management as those to whom the highest executive powers are attributed, and therefore: the Managing Director, the General Manager, the Joint General Manager, the Deputy General Managers and the Central Director of Administration, Finance, Planning and Control.
8/4/2019	The Board of Directors appoints Mr. Matteo Campaner (former Deputy General Manager) Joint General Manager and Deputy General Manager Mr. Luca Arensi (formerly Central Director). The scope of the subjects that fall within the definition of "Top Management" is then updated, which now includes: the Managing Director, the General Manager, the Joint General Managers and the Deputy General Managers.

B.1.3 Information on the remuneration policy and practices

Principles of the Remuneration Policy

Vittoria Assicurazioni S.p.A. has always had a remuneration policy oriented to a sound and prudent risk management and in line with the strategic objectives of the Company's ongoing balanced growth, profitability and prominent position in the domestic insurance.

The primary objective of the remuneration policy implemented by Vittoria Assicurazioni S.p.A. is to ensure an adequate remuneration to attract, motivate and retain resources with the professional qualities required to successfully pursue the Company's or the Group's goals, which mainly strive to achieve continual excellent results in the attainment of its corporate purpose, and as a result, to create value for shareholders and safeguard company assets over the long term.

The Company's remuneration policy does not provide for incentives aimed at risk-taking that could conflict with the above objectives.

For both senior positions and all staff, the determination of remuneration is based on responsibilities assigned to the individual concerned, the position held, the individual's skills and the reference market, in accordance with fairness principles.

Vittoria Assicurazioni S.p.A. believes that a correct remuneration policy is based, in continuity with the history of the Company, on the principle of determining the remuneration of the management so as to ensure that the fixed component of remuneration is in any case suitable to remunerate the service, regardless of the achievement objectives that give the right to receive the variable part of the salary, guaranteeing a correct balance between the fixed and the variable component.

Non-executive Directors

The Ordinary Shareholders' Meeting sets the remuneration for each financial year, in order to remunerate the Directors for their participation in the Committees and for the specific tasks assigned within these Committees. As provided by Article 15 of the By-Laws, this amount does not include compensation for Directors with specific duties.

There are no incentive-based remuneration systems for Non-executive Directors that do not hold corporate offices.

Control Bodies

The Ordinary Shareholders' Meeting sets the gross annual compensation of the Board of Statutory Auditors. There is no provision for lump-sum reimbursements or attendance fees for attending Board and committee meetings.

There are no incentive remuneration systems for members of supervisory bodies control bodies.

Managing Director, Senior Managers and other Managers

The Company considers it appropriate to determine management compensation in such a way as to ensure that the fixed component of compensation is, in all cases, sufficient to remunerate the service performed regardless of the achievement of objectives that entitle the individual to receive a variable remuneration portion as calculated below, ensuring a proper balance between the fixed and variable components.

The fixed remuneration is proportional to the role held and the responsibilities assigned, also considering the experience and skills required, as well as the quality of contribution in the attainment of business results.

The variable remuneration is tied to the achievement of business objectives with a direct link between incentives and objectives of the Company, the department and, not least, the individual objectives, in terms of quality and quantity.

The weighting of the variable remuneration component differs based on the possibility to directly affect the outcomes of the Company and the impact that the individual role has on the business.

The variable remuneration is made up of two parts:

- A short-term incentive ("STI"), acknowledged by a monetary bonus payout and subject to the achievement of qualitative and quantitative performance indicators contained in an individual scorecard;
- A long-term incentive ("LTI"), acknowledged by the assignment of financial instruments, such as Performance Units, solely provided for the CEO, the Joint General Manager and the Deputy General Managers.

The innovations introduced in the new Policy for 2019 concern the introduction of a single variable remuneration system (which takes into consideration the short term and the long term) and the modification of the deferral system for the payment of the variable component (no postponement , 3 or 5 years depending on the amount of variable remuneration accrued).

All incentive systems adopted by the Company provide for the achievement of a common formalized risk-adjusted objective of corporate performance (gate access to the variable remuneration system).

<u>Non-management Personnel</u>

In order to enable the non-management personnel to achieve the objectives of the Company, incentive systems have been structured so that resources may access a variable compensation.

All incentive systems adopted by the Company provide for the achievement of a common formalized risk-adjusted objective of corporate performance(gate access to the variable remuneration system), which is the same one used to determine the variable part of the remuneration of the Managing Director, the General Manager, the Senior Managers and other Managers.

Information on the individual and collective performance criteria on which any entitlement to share options, shares or variable components of remuneration is based

There are no individual and collective performance criteria on which any entitlement to share options, shares or variable components in addition to those indicated under paragraphs: "Principles of the remuneration policy" and "Relevance of fixed and variable remuneration components".

Description of the main features of the supplementary pension or early retirement schemes for the members of the administrative, management or supervisory body and for holders of other key functions

Members of the Senior Management and the Company's Managers are recipients of a supplementary pension plan provided for by the National Regulatory and Financial Agreement for insurance companies executives, accounting for 13% of the contractual remuneration minimum, supplemented by a further 3%.

No supplementary pension schemes are provided for the members of the administrative, management and supervisory bodies.

No early retirement schemes are provided for the members of the administrative, management or supervisory bodies, as well as for holders of other key functions.

B.1.4 Information about material transactions performed during the reporting period with the shareholders, with persons who exercise a significant influence on the undertaking and with the members of the administrative, management or supervisory bodies.

On 18 October 2018 the Board of Directors of Yafa S.p.A., parent company of the Vittoria Assicurazioni Group, having acknowledged the plan for the merger by incorporation of Vittoria Capital into Vittoria Assicurazioni, approved by the Boards of Directors of the two companies on 1 October 2018, resolved, in the exercise of its management and coordination activities of the companies of the Group pursuant to Articles. The Board of Directors, in accordance with Articles 2497 et seq. of the Italian Civil Code, requested Vittoria Assicurazioni to grant Vittoria Capital a loan up to a maximum total of Euro 300 million, to be concluded at market conditions, in order to provide Vittoria Capital with the means necessary to repay the loan granted by Banco BPM S.p.A. to cover the financial requirements deriving from the payment obligations connected with the Vittoria Assicurazioni Public Purchase and Exchange Offer for shares launched by Vittoria Capital in 2018.

In execution of the directives of the Parent Bank Yafa S.p.A. and by virtue of the mandate granted by the Board of Directors, the Chief Executive Officer called the Extraordinary Shareholders' Meeting of Vittoria Assicurazioni to approve, pursuant to Article 2358 of the Italian Civil Code, the intragroup loan in favour of Vittoria Capital S.p.A.

The Shareholders' Meeting of Vittoria Assicurazioni, held on 24 October 2018, therefore approved the disbursement to Vittoria Capital S.p.A. of a loan for a maximum amount of Euro 300,000,000.

The loan was disbursed on 29 October 2018 under the same conditions applied by Banco BPM, i.e. at a variable interest rate equal to a margin of 0.65% on an annual basis increased by the 3-month Euribor rate with a "0" floor. On the same date, Vittoria Capital repaid the loan from Banco BPM.

The loan to Vittoria Capital relates to an activity carried out by Vittoria Assicurazioni from a Group perspective and, therefore, on the basis of the influence of the party that exercises management and coordination activities over the latter and Vittoria Capital, i.e. the parent company Yafa S.p.A., which is also responsible for assessing the Group's solvency.

The main reason for the transaction was a more efficient and effective management of the liquidity of the Vittoria Assicurazioni Group, which was in excess of the Company's regulatory requirements and liquidity and solvency objectives.

The loan, which took the form of an anticipation of the effects of the merger approved by the Boards of Directors of Vittoria Assicurazioni and Vittoria Capital, entailed in particular for Vittoria Assicurazioni the benefit of the non-payment - indirectly through the merged company Vittoria Capital - of the interest that would have accrued in favour of Banco BPM until the date of effectiveness of the merger.

B.2 Fit and proper requirements

B.2.1 List of persons who carry out key functions within the company

The fundamental functions, identified pursuant to the Solvency II directive, are the Internal Audit Function, the Compliance Function, the Risk Management Function and the Actuarial Function.

The holders of these functions are:
- Internal Audit function: Vincenzo Coppa;
- Compliance function: Giuseppina Marchetti; until 15 March 2018, the function manager was Alberto Giani;
- Risk Management Function: Massimo Marchegiani;
- Actuarial function: Cristina Mataloni.

B.2.2 Policies and procedures established by the company to ensure that such persons are fit and proper

The Board of Directors of Vittoria Assicurazioni S.p.A. has approved the Fit & Proper Policy to ensure that all persons who effectively run the undertaking or have other key functions have the professional qualifications, and proper knowledge and experiences for a sound and prudent management, as well as a good reputation and integrity.
To this end, the Policy:
- defines the roles and responsibilities of the persons involved in the process of assessing the suitability requirements, also defining the procedures for identifying them, even in the event of outsourcing;
- describes the requisites of professionalism, integrity and independence of the recipients of the Policy, even in the case of outsourcing, at the time of taking on the job and continuously, as well as the assessment procedures;
- identifies the situations that involve a new assessment of the eligibility requirements for the office held, as well as the situations that involve the forfeiture, suspension and possible revocation of the office held;
- ensures that the Administrative Body has overall adequate skills.

The Policy outlines the principles for the assessment of the fit & proper requirements of the following persons:

- Bodies with administration and control functions: members of the Board of Directors and of the Board of Statutory Auditors;
- Members of Senior Management;
- Holders of the Fundamental Functions included in the governance system: Internal Audit Function, Compliance Function, Risk Management Function and Actuarial Function;
- Higher level personnel than the Fundamental Functions;
- The additional relevant Personnel, or those whose activity can have a significant impact on the risk profile of the company, identified by the Company;
- Responsible for direct distribution;
- Bodies with administration and control functions of subsidiaries.

These persons are required to have the fit & proper requirements in terms of integrity, professionalism and, where required by law, of independence.

PROFESSIONALISM

Requirements of the administrative and control bodies

For the proper performance of their duties it is necessary that the persons in charge of the administration and control functions are fully aware of the powers and obligations inherent to the assignment assigned to them.

Furthermore, they must possess the requisites prescribed by the regulations in force at the time and, in particular, by the sector provisions that regulate the requirements of professionalism, integrity and independence for the subjects who perform administrative, management and control functions in companies of insurance.

To ensure the best effectiveness and efficiency in relation to the tasks assigned, the composition of the Board of Directors must guarantee:

- a dimension related to the structure and complexity of the Company in its economic-asset, organizational and operational components;
- the presence of subjects with adequate and diversified theoretical, professional and managerial skills and experience in relation to the operational and dimensional characteristics of the activities to be performed, as well as the risks to be assumed capable of expressing full autonomy and independence of judgment;
- the presence of an adequate number of independent Directors, in particular for the composition of the Board Committees, in compliance with current regulations.

With reference to the professionalism of the members of the Board of Directors, in accordance with the current regulations, the Policy is aimed at ensuring that the Board of Directors has the presence of persons who, collectively, have adequate qualifications, experience and knowledge in the field of :

- insurance and financial markets, in terms of understanding and awareness of the economic and market context in which the Company operates;
- business strategy and business model, in terms of understanding the Company's strategy and business model;
- governance systems, in terms of understanding and awareness of the risks to which the Company is exposed and the ability to manage them. This capacity also includes the ability to assess the effectiveness of the system of governance, supervision and control of the business;
- actuarial and financial analysis, in terms of the ability to interpret the Company's actuarial and financial information, identify key issues, implement appropriate controls and adopt the necessary measures based on this information;
- regulatory and self-regulatory context, in terms of understanding and awareness of the regulatory environment in which the Company operates, both from the point of view of regulatory requirements, and the ability to promptly adapt to regulatory updates
- knowledge of the best practices of staff incentive systems, in order to ensure the adoption of remuneration policies consistent with sound and prudent management, as well as the adoption of decision-making processes based on transparency criteria and actions to avoid conflicts of interest.

This assessment, together with the verification of the independence requisites provided for by the sector Regulation, is also aimed at identifying the Directors eligible to be appointed within the Board's Committees.

Owners of Fundamental Functions

Holders of Fundamental Functions must have sufficiently extensive knowledge and experience and a sufficiently high level of competence to be able to take charge and ensure their effectiveness.
In particular, they must have a curriculum that preferably includes one of the following subjects: law, economics, mathematics, statistics. They must also have gained work experience in an organization whose activity is of an insurance, financial or related nature. Related activity means the work experience in auditing / assessment disciplines, such as External Audit, Quality Certification, Inspectorate, Compliance, Internal Control, Organization.

Personnel at the highest level of the Fundamental Functions must possess adequate skills and professionalism to perform tasks in support of the activity carried out by the Function. The necessary professional experience can be acquired, among other things, in operational positions, in other Control Functions or in regulatory and / or legal functions and, through participation in training activities.

Senior management and other relevant personnel

According to the regulations in force, Senior Management means the Chief Executive Officer, the General Manager and the senior management responsible for decision-making and strategy implementation. At Vittoria Assicurazioni is part of Senior Management: the Chief Executive Officer, the General Commercial and Marketing Joint General Director, the General Services and Real Estate Deputy Director, the Deputy General Manager for Non-Life and Life, the Deputy General Manager for Administration, Finance, Planning and Control.

The requirements of professionalism and, therefore, the qualifications, knowledge and experience required for members of Senior Management depend on the respective responsibilities assigned within the corporate organization.

It is also required that the members of the Senior Management have acquired at least a three-year managerial experience within a company operating in the insurance or financial sector or that we have held similar positions of responsibility in companies of comparable complexity to that of Vittoria Assicurazioni.

Based on the current regulations, the General Managers, the managers with strategic tasks, the Owners and the highest personnel of the Fundamental Functions and the other categories of personnel whose activity can have a significant impact on the risk profile fall within the definition of Relevant Personnel. In compliance with IVASS Regulation n. 38/2018, Vittoria Assicurazioni identified the additional relevant personnel (in addition, therefore, to the members of the Senior Management and to the Owners of the Fundamental Functions) taking into account:

- the degree of responsibility, through the analysis and assessment of the position;
- of the hierarchical level, based on the current organization chart;
- of the activity carried out, based on the function chart in force;
- the powers delegated, with reference to the model of powers and powers in force;
- the amount of remuneration paid (fixed and variable);
- the possibility of assuming risk positions, generating profits or affecting other accounting entries for significant amounts, based on the current delegation and powers model.

For the 2019 financial year, therefore, the following additional subjects were identified as belonging to the scope of the Relevant Personnel, in addition to the members of the Senior Management and the holders of the Fundamental Functions:

- the Central Commercial Director;
- the Central Claims Director;
- the Life Division Manager;
- the Central Director of Non-Life Underwriting;
- the Finance Division Manager;
- the Actuarial Analysis, Planning and Control Director;
- the Central Director of Information Systems;
- the Real Estate Director.

Managers of Insurance Distribution

The Managers of the Insurance distribution, identified among those who within the Company have managerial and / or decision-making powers with related responsibilities and with functions of direction and coordination or control of the company's distribution activity, must also possess a proven professionalism and competence in insurance and financial matters.

For the purposes of this assessment, theoretical knowledge is acquired, acquired through studies, training, practical knowledge and achieved in the performance of previous or current work activities, held in the following areas:

- insurance and financial markets;
- regulation in the insurance and financial sector;
- organizational and corporate governance structures, including those relating to the rules of conduct and management of conflicts of interest;
- management of risks connected with the exercise of distribution activities;
- insurance and financial activities and products.

Management and control bodies of subsidiaries

The subjects who hold administrative and control offices in the companies of the Group must possess suitable requirements of integrity and professionalism. Professionalism must be assessed with reference to the activity carried out by the subsidiary where the person is called to take up the position. It is required knowledge and theoretical / professional / managerial experience in the specific sector of activity or in the administrative or management field.

HONORABILITY

The assessment of the honorability consists in the verification of the absence of circumstances which, if present, exclude the requirement of honorability or, depending on the case, constitute clues that call into question the integrity of a person.

Notwithstanding the existence of one of the circumstances provided for by art. 5 of the Ministerial Decree of 11 November 2011 n. 220 excludes the requirement of honorableness for the members of the Board of Directors and the Board of Statutory Auditors, the General Managers and the Financial Reporting Manager, the following indications are taken into consideration by the Company for the purposes of assessing good repute but do not imply, in itself, the defect of the requirement:

- previous convictions, or current criminal proceedings, that could lead to a conviction for a crime other than those expressly provided for by the applicable legislation in force;
- administrative penalties received in the last 5 years for non-compliance with the legislation on financial and insurance services, or submission in the last 5 years to administrative sanctioning procedures for alleged violation of the legislation on financial and insurance services or proceedings and / or disciplinary sanctions by a professional order;
- any further circumstance that may determine the risk of a financial crime or which could endanger the sound and prudent management of the Company.

EVALUATION OF THE ELIGIBILITY REQUIREMENTS FOR THE OFFICE

The assessment of the requirements is carried out mainly based on specific documentation provided by the interested parties, as well as based on any other information in the possession of the Company.

It requires in particular:

- declaration, certifying the possession of the requisites of honorability and the absence of causes impeding the assumption of the office provided for by the different applicable regulations, in relation to the position held;
- curriculum vitae, including all the administration and control positions held and, where applicable, certifying the possession of the professional requisites provided for by the various applicable regulations;
- if due, in relation to the function to be covered, declaration made by the interested party regarding the possible existence of the conditions to qualify as independent.

The evaluation of the requirements of professionalism and integrity of:

- members of the Board of Directors;
- members of the Board of Statutory Auditors;
- Senior Management;
- the holders of the Fundamental Functions;
- the heads of direct insurance distribution

is carried out in the first appointment phase, and renewed annually by the Board of Directors, which avails itself of the preliminary activity of the Appointments and Remuneration Committee.

The evaluation of the requirements of professionalism and integrity of:

- employees of the Fundamental Functions
- additional relevant personnel;

is carried out by the Human Resources Department during the appointment phase and is renewed annually.

The evaluation of the requirements of professionalism and integrity:
- of the members of the administrative and control bodies of the companies of the Group is performed by the Appointments and Remuneration Committee on the occasion of their appointment.

All subjects are obliged to promptly communicate any failure to meet the eligibility requirements, as well as any changes concerning the requirements on which they have declared.
In particular, those who find themselves in situations that involve the forfeiture or suspension from office or against whom a criminal action has been initiated for crimes that could affect the possession of the integrity requirement, promptly communicate these circumstances to the Board of Directors.
The Board of Directors, subject to the preliminary investigation of the Nomination and Remuneration Committee, evaluates the communications relating to these changes and any documentation sent to support within thirty days of receipt thereof.

B.3 Risk management system, including the own risk and solvency assessment (ORSA)

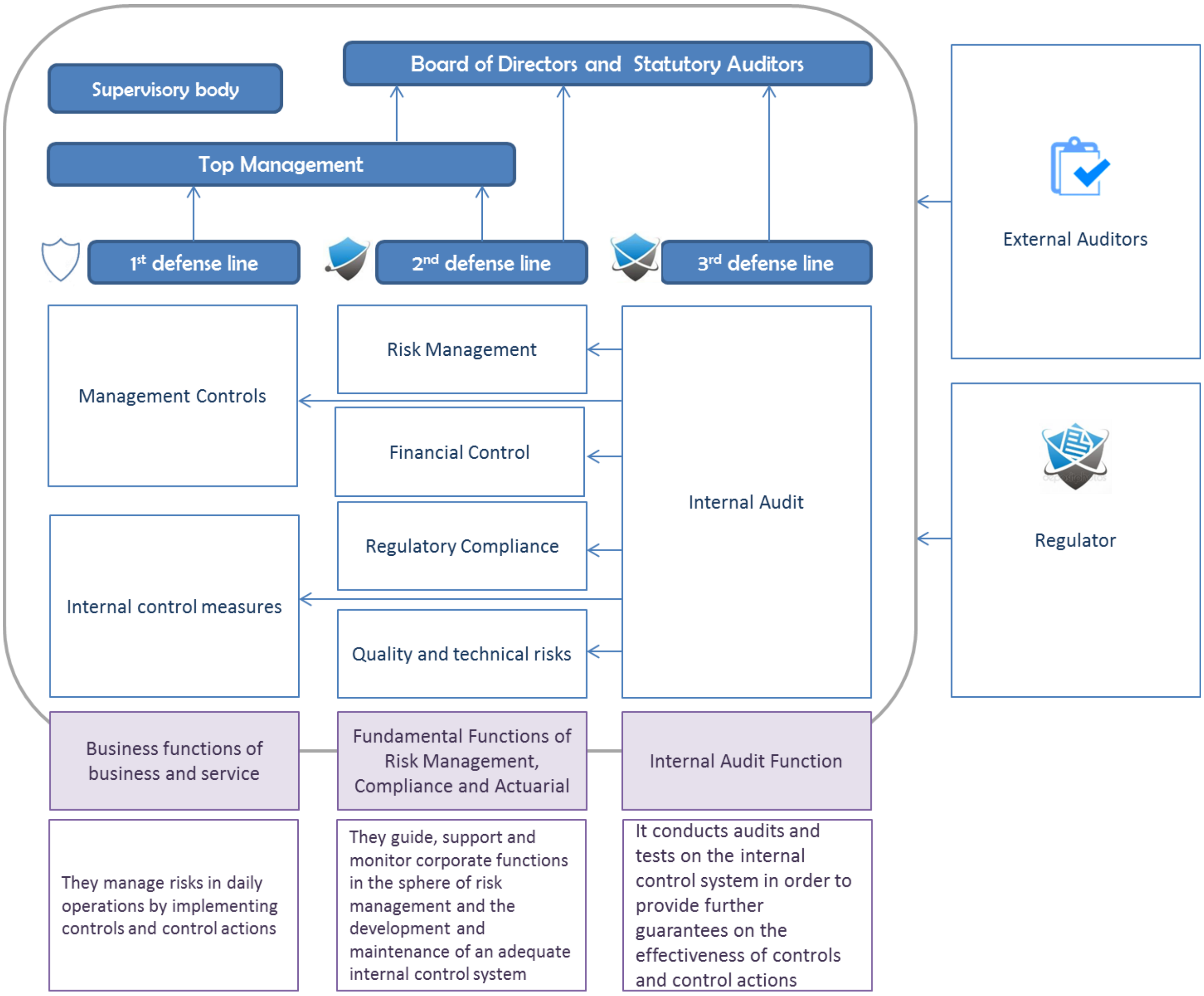
The corporate governance system rules the way in which the Company is governed and controlled. The basic elements of the corporate governance system are the risk management system and the internal control system.
The Company has appropriately adopted, and continuously maintains, these systems so that it guarantees the fulfillment of the commitments towards its insured and beneficiaries, as well as their counterparts, and achieves the safeguarding of the assets in the pursuit of long-term strategic objectives and in compliance with regulatory and regulatory requirements from time to time in force.
This report is ruled by the current prudential regime (i.e. Solvency II), which was established to create a level playing field through consistent regulation for all insurers and reinsurers in the European Union. It provides regulators with a mechanism to assess whether insurance companies and groups have an adequate level of capital to support their operations. The main purpose is to prevent crises and give full protection to policyholders and policyholders, leading to a safer insurance market. The increased transparency and soundness of financial institutions (such as banks and insurers) aims to contribute to overall financial stability and to the minimization of systemic risks.

B.3.1 Description of the risk management system

The Risk Management function, within the corporate governance system, is in charge of implementing and monitoring the risk management system, based on an organic view of all the risks to which the Company and its subsidiaries are or could be exposed.

The Board of Directors has defined the principles and characteristics of the risk management system and of the internal control system, regulating its purposes, structure, roles and responsibilities.

Within these systems, the corporate bodies and company functions operate according to the well-known organizational model based on three lines of defense.



The risk management system at a glance is:

- based on the joint activity of the following main players: Board of Directors, its Committees, Board of Statutory Auditors, Risk Management Function, Actuarial Function, Compliance Function and Business and Service Functions (so-called Risk Owner);
- made up of the set of principles, guidelines and lines of conduct, rules and processes and resources (human, technological and organizational) and of the instruments supporting the risk management strategy defined by the Company's Board of Directors, which includes the propensity , risk preferences and objectives.

Therefore, with reference to the risk management system:

- the Board of Directors, with the support of the Board Committees, and the Board of Statutory Auditors, each for the competences and responsibilities referred to in chapter "B.1 General information on the governance system", ensure its adequacy and effective functioning and ensure that the risks to which the Company is or could be exposed are identified, adequately managed, monitored and communicated, also through synthetic indexes such as, for example, those that measure the level of risk / performance;
- the business functions of the company and service (first line of defense) integrate the execution of the control mechanisms in daily operations, notifying the fundamental functions of any circumstances or the occurrence of events that can be critical;
- the fundamental functions (second line of defense) guide and support company functions, monitor risks and promote the development and maintenance of a system that allows an adequate understanding of the nature and significance of risks and allows a holistic approach to the management of risks, as an integral part of business management.

The Board of Directors ensures that all company levels are aware of and strictly adopt the directives envisaged by the risk management system. To this end, it ensures the widespread dissemination of the Guidelines issued by the same Board and the implementation and maintenance of a suitable system of organizational and operational rules. It also ensures that the risk appetite document (i.e. Risk Appetite Statement: which governs risk preferences and the level of risk that the Company is willing to assume for the pursuit of its strategic objectives) and the report on internal risk assessment and solvency are brought to the knowledge of the staff at the appropriate hierarchical and decision-making levels.

The aforementioned policies issued by the Board include all relevant aspects of business and corporate risk. Each of them describes the objective, principles, guidelines, scope of application, macro process or implementation methods, roles and responsibilities of the bodies and functions involved and methods of coordination between the parties involved, including information flows. These flows envisage the top-down approach with regards to communications from the Board of Directors, bottom-up with regard to information to the Board of Directors and transversal between the various corporate functions.

These policies govern the approach and detailed methodologies for the management of:

- specific risk categories (eg market risks associated with investments);
- risks within specific processes (eg recruitment risks);
- risk mitigation techniques (eg reinsurance);
- measurement methods for the individual risk factors, their correlations and the underlying principles (eg risk and solvency assessment);
- monitoring and analysis methodologies (eg risk / performance indicators, stress tests, scenario analysis).

The risk management process adopted by the Company, which reflects the relevant market standards, consists of the phases of (i) identification of risks, (ii) assessment of risk exposure, (iii) monitoring and control, (iv) risk management and (v) management of information.

As aforesaid, every corporate function is called to notify any circumstances or the occurrence of events that may be critical (eg risks at an individual level). The fundamental functions (Risk Management, Actuarial and Compliance) conduct or supervise, each for the area of specific competence, the most comprehensive process which leads the Risk Management function to an aggregate risk management and to the determination of the Capital of Solvency, that is, the amount of own resources that the Company must hold, for regulatory purposes and capital solidity, for the risks deriving from the exercise of its activities.

An integral part of the risk management system adopted by the Company is the system of risk objectives, implemented in close connection with the Mission, the multi-year strategic plan, the Business Plan, the prospective risk profile, the asset and financial management and the model business and organizational organization. Risk appetite is embedded in a structured way in company processes as a necessary component for strategic risk management.

As part of the risk appetite document referred to above, quantitative risk objectives and synthetic ratios are formalized to measure the level of its achievement. The risk appetite also defines qualitative and monitoring objectives with particular reference to the types of risk, which due to their nature and characteristics are difficult to quantify and are not covered by the capital requirements required by the regulations: risk of non-compliance with the regulations, and related reputational risk, risk of fraud and risk of operational discontinuity.

In particular, the synthetic ratios adopted refer to risk measures, yield measures and risk drivers. For them are set target values (target) or ranges of desired values (range), tolerance ranges and maximum limits. As part of the monitoring phases, the occurrence of any undesired values is managed through the process of defining recovery actions which envisages a process of differentiated escalation according to the severity of the violation.

In this sense too, the risk management system directs planning and strategic choices, supports decision-making processes and guides organizational and operational aspects, representing, in other words, the connecting element between the governing, direction and control bodies, and operational units.

Indeed:

- the owners of the fundamental functions participate in the meetings of the Control and Risk Committee and, each according to their respective competence, to other Committees and to the Supervisory Body;
- those who perform fundamental functions are involved in the business processes in order to perform evaluations and provide opinions such as, for example:
    - the assessment of the Risk Management function with reference to the asset allocation, to the acquisition of equity investments and to the design of new products, also in terms of solvency requirements;
    - the opinion of the Actuarial Function on the Company's underwriting policy and on reinsurance agreements and the assessments carried out with reference to the Data Quality system;
    - the evaluations carried out and the support provided by the Compliance function with particular reference to compliance with the primary and secondary rules directly applicable to the Company.

B.3.2 Internal assessment of risks and solvency

By issuing the relevant Policy, the Board of Directors has defined the methodological principles, the guidelines and the macro-processes aimed at evaluating the overall solvency needs and the ability of the Company to satisfy, in the continuous and considering the strategic planning of medium and long-term, mandatory capital requirements and requirements for technical provisions. In defining the principles and responsibilities, the Policy aims to establish a risk management that allows to preserve the stability and solvency, even in extreme conditions ("stress").

The methodology adopted refers to:

- the current and future assessment of risks and solvency, with reference to:
    - the quantitative assessment with Solvency II Standard Formula metrics (for insurance, market, credit and operational risks);
    - using stress tests and scenario analysis;
    - the qualitative analysis used, for example, in the assessment of the risks of non-compliance with the rules (and of the potential related reputational risk) and of the liquidity risk;
    - the risk monitoring processes, also by verifying the risk and performance indicators adopted, as well as the solvency indicator;
- the continuous assessment of compliance with capital requirements and those relating to technical reserves (the so-called second assessment of the ORSA);

- the analysis of deviations from the assumptions underlying the calculation of the Standard Formula (c.d. third assessment ORSA).

The internal assessment of risks and solvency, carried out and documented by the Risk Management function, supports the identification and classification of risks to which the Company is exposed, also in potential terms, and provides the Board of Directors with the elements aimed at determining which are the significant risks, i.e. those whose consequences can undermine the solvency of the company or represent a serious obstacle to the achievement of medium / long-term objectives.

The complete assessment, carried out on an annual basis, is assessed and commented on by the Board of Directors and transmitted to the Supervisory Authority. The assessment is repeated when there are significant changes concerning, for example, the macroeconomic scenario or the market sectors in which the Company carries out its business or makes investments or when substantial changes in the portfolio occur. Assessments are also carried out on a quarterly basis, mainly referring to the continuous verification of capital requirements and those relating to technical reserves, following which, to the possible occurrence of significant deviations and, in any case, to the emergence of critical elements, a specific information escalation is envisaged in relation to the Top Management and the Board of Directors.

Internal assessment of risks and solvency, in particular:

- determines the plausibility of strategic planning that covers a period of three years;
- is the basis of asset planning also for solvency purposes;
- supports the monitoring of risk appetite indicators.

B.4 Internal control system

B.4.1 Overview of the internal control system

The internal control system is made up of the set of rules, procedures and organizational structures aimed at ensuring the proper running and sound administration of the undertaking and guaranteeing, with a reasonable safety margin:

- efficiency and effectiveness of the company processes;
- adequate control of current and forward-looking risks;
- timeliness of the system of reporting company information;
- accountability and integrity of the accounting and management information;
- safeguard of the assets also in a medium-long perspective;
- compliance of the undertaking’s business with current regulations, directives and company procedures.

The structure of the Company's Internal Control System complies with the basic principles established by the Supervisory Authority and is also based on the principle of proportionality that the IVASS regulation n. 38/2018 declines in the concept of adequacy to the nature, scope and complexity of the current and future business risks inherent to the activity.

Following elements of the internal control system are included in this concept of structure:

- the Code of Ethics approved by the Board of Directors;
- an extensive system of guidance policies issued by the Board of Directors, that:
    - identify the guidelines for the pursuit of corporate strategies in compliance with the legislation in force;
    - are periodically reviewed to guarantee compliance with regulatory, organizational or business changes;
    - are subject to specific information flows that guarantee the constant monitoring of their implementation.

- an organized system, consistent with the company strategy and policies, that is formalized:
    - in the drawing up of the Company’s organizational chart and functions chart, periodically updated, that outline tasks assigned to each business unit with indication of their related heads;
    - in the model of delegations.
- attribution of responsibility to individual company functions:
    - apply the guidelines, approved by the Board of Directors, on risk management and controls;
    - identify the risks associated with their business, assessing their impact and monitoring their performance on an ongoing basis;
    - guarantee an adequate level of reporting to the functions in charge;
    - activate, where necessary, the necessary treatment actions;
- the existence of second level control functions (Risk Management, Compliance, Actuarial Function, Anti-Money Laundering) overseeing the process of identification, assessment and mitigation of risks while ensuring consistency with company targets and meeting the independence criteria;
- the existence of a third level function (Internal Audit) which provides independent assessment on the design and functioning of the internal control system and risk management system, by giving assurance to the Board of Directors and Senior Management in relation to effectiveness of the organization’s assessment and management of its risks, including the procedure by which the first and second line of defense operate;

- a system of corporate provisions, as the set of macro-processes, processes, procedures, organizational arrangements and circulars, aimed at ensuring the achievement of the company targets with a reasonable safety margin, including a constant monitoring and adjustment of these rules. These provisions represent the instrument through which company processes are set forth, roles, responsibilities, operating and control procedures are identified. The main feature of these instruments is to provide for levels of segregation of duties and responsibilities among different organizational units or inside them. Provisions are formalized and made available to all the Company’s staff;
- a constant training activity for all employees and members of Corporate Bodies, focused not only on the technical/insurance issues, but also on the principles that guide the company actions, also defined by the Code of Ethics, as well as on the primary and secondary regulations.

B.4.2 Compliance Function

The process of managing the risk of non-compliance and the operation of the Function consists of the following macro-phases:
a) recognition of the legislation ("regulatory scoping");
b) risk assessment ("risk assessment");
c) implementation of the adjustments;
d) monitoring and reporting (“reporting");
e) consulting activities ("clearing").

During 2018, the Compliance Function, which was affected by significant organizational changes even with the appointment of a new Manager, carried out:
Ex ante consulting and regulatory clearing:
- Corporate Governance System. From July 2018 the Department carried out in-depth analyzes, provided advice and carried out an assessment activity on the new discipline of insurance governance introduced by IVASS Regulation n. 38 of 03 July 2018.
  The analysis of Reg. 38/2018 has involved the elaboration of a comparison between the old and the new discipline to identify the modified profiles and the newly introduced provisions; the completion of a gap analysis to identify the impact on the organization of the company, the outcome of which led to the determination of the risks of non-compliance and finally, the identification of the measures to adapt to the new regulations to reduce / neutralize the risk of non-compliance included in an Action Plan.

- IDD project. The Function actively participated in the Operational Committees and the Project Steering Committees supporting the Work Tables and Senior Management in some of the operational choices to be made. The active participation of the new Function at these tables took place at an advanced stage of the project; therefore, the latter limited its activity to the measures still to be implemented or whose modification in the course of work was still possible, referring to subsequent checks, the assessment of the level of adequacy and effectiveness of all the organizational measures adopted. In particular, it has been involved by the project manager and the individual operational functions for opinions on:
  - evaluation of the adequacy of products to the needs and requirements of the customers (demands and needs);
  - sales in consulting;
  - management of new IDD obligations and collective policies;
  - bundling;
  - pre-contractual information and new delivery methods;
  - compliance of the DIPs and additional DIPs to the reference models (mainly annexes Reg. IVASS n. 41/2018);
  - conflict of interest in the distribution of insurance products;
  - POG;
  - communications to the distribution network.

- Review of company policies. As part of the annual review of governance policies, the Department performed compliance assessments aimed at verifying the contents and the consistency of the same with the reference regulatory framework in order to contain and prevent legal and reputational risks.

- Review of contractual and pre-contractual documentation / IDD profiles and Privacy. The Function reviewed the pre-contractual and contractual documentation of some new products. The assessments also concerned profiles relating to the Privacy legislation and to the best practices regarding clear and simple contracts.

- Dormant Policies. The Function has been actively involved in the Action Plan designed to prevent and combat the phenomenon of dormant policies. In this context, it supervised the implementation of a new functionality of the company management system ("Single archive of dormant policies"). It also participated in the "testing" phase and the approval of the same, a phase that ended in September. In October 2018, IVASS requested the Company to supplement the Action Plan and requested further action on specific portfolio segments and types of contracts not considered in the scope of the previous Plan. The Function supported the Life Division in reviewing the Action Plan and defining a Supplementary Plan and, after having validated its contents, it was approved by the Board of Directors and sent to IVASS in November 2018.

Regulatory scoping. The scoping activity has an informative and awareness-raising objective on the regulations issued that have a direct impact on the insurance business.

The Function has developed and distributed regulatory reports on the main primary measures such as:
  - Discipline Privacy: D. lgs. n. 101/2018 which adapts the Italian legislation, modifying the Privacy Code (Legislative Decree 196/2003) following the introduction of the GDPR (EU Regulation 2016/679);

and secondary (provisions issued by the Supervisory Authorities) such as:

  - Insurance Governance: IVASS Regulation 38/2018;
  - IVASS sanctions: IVASS Regulation 39/2018;
  - Insurance Distribution: IVASS Regulation 40/2018;
  - Process of Creating Insurance Products: IVASS Regulation 41/2018;
  - Amendment of Issuer Regulations through CONSOB Resolution no. 20710 aimed at harmonizing the previous regulation with the new MIFID II / IDD regulation on IBIPs.

The aforementioned activity was preparatory to the start-up of projects and initiatives to implement the innovations introduced at company level.

Risk Assessment. During the second half of 2018, a Risk Assessment project was launched on the new compliance model in order to better define the criteria and methods for assessing the risk of non-compliance.

Controls and Checks. Beginning in October 2018, compliance checks were initiated on the measures implemented in light of the Action Plan on Dormant Policies, as supplemented following the requests of IVASS in October 2018.

Reporting. In 2018 the Function reported to the Administrative Body, also through the Control and Risks Committee, on the IVASS Reg. 38/2018, on the dormant Policies, on EU Reg. 2016/679 and on Sanctions

Business training. The Function contributed to the preparation and finalization of the training plan for the employees involved in the process of conceiving, developing and approving insurance products, as required by the new insurance distribution regulations.

The Function has prepared and illustrated the material for the formation of the Board of Directors regarding the regulatory changes introduced by the IVASS Reg. 38/2018 and by the IVASS Letter to Market of 5 July 2018.

B.5 Internal Audit Function

The Board of Directors of the Company has established the Internal Audit Function as integral part of the system of internal control and risk management, whereby it performs third-level controls.

In implementation of the articles 30 - quinques of the Private Insurance Code, of the art. 271 of the Delegated Acts, of article 47 of the Solvency II Directive and of the art. 35, 36 and 37 of IVASS Regulation n. 38/2018, the Board of Directors approved the Internal Audit Function Policy in which it establishes the objectives, powers, responsibilities and main activities of the Function, also describing the methodological principles of audit activity and relations with the bodies corporate and other corporate functions.

Main objectives of the Internal Audit Function are:

- monitoring and assessing the functioning, efficiency and effectiveness of the system of internal control and risk management, as well as the other elements of the governance system;
- monitoring and assessing the areas of improvement of the internal control system, also through activities of support and advice to the company functions.
-

The Internal Audit Function is responsible for:

a) establishing, applying and maintaining an audit plan indicating the audit procedures to be carried out in the Company in order to check operation and suitability of the internal control and risk management system;
b) preparing regular reports for the Board of Directors based on the outcome of work performed within the audit plan, including any findings and recommendations needed to solve the discrepancies. These reports include also an assessment on the suitability of the system of the internal control and risk management;
c) promptly drafting reports on particularly relevant events;
d) checking compliance with resolutions adopted by the Board of Directors and based on the recommendations included in the report under letter b;
e) establishing a program of quality assurance and improvement by which its audit activities can be assessed and professional growth is promoted, by notifying the Board of Directors of elements that enable to evaluate future performance;
f) ensuring, in coordination with the other control functions, an adequate approach of management of risks and controls and a systematic evaluation process of the internal control system. This task shall not impair the independence of the Function.

IMPLEMENTATION

In carrying out the assigned tasks:

- the Internal Audit Function has the power to freely access, without restrictions, all company departments, relevant documentation, information systems, records relating to the examined area, the properties and personnel of the Company including useful information for the verification of the adequacy of controls performed on outsourced company functions. The same is guaranteed full cooperation by the persons in charge of the various organizational units.

The Internal Audit Function has human resources with specialist knowledge and professional updating is taken care of. It also has adequate technological and financial resources to carry out the activity.

In particular:

a) the persons in charge must possess and maintain adequate competence and professionalism with respect to the different needs deriving from the activities set out in the plan of the Function approved by the Board of Directors;
b) the staff in charge applies and promotes the Code of Ethics of the profession and respects the principles of integrity, objectivity, confidentiality and competence;
c) where the Internal Audit Function does not have adequate resources, in qualitative or quantitative terms, to carry out the activities set out in the plan approved by the Board, the manager in charge can use qualified external resources to the extent envisaged by the budget resources approved by the Board of Directors or requesting approval of the same, also through the Control and Risk Committee, where the budget is not sufficient.

The Internal Audit Function defines and formalizes the planning of its activities through a three-year plan.

The Plan:

- identifies the audit activities of the internal control system and of the other components of the corporate governance system;
- describes the criteria used for the selection of the audited activities;
- identifies the companies subject to audits, the areas subject to intervention, the resources used and the budget for the period available to the Function;
- provides for a reasonable number of days for audits that can be carried out at the urgent request of the management and / or when reasons of immediate interest emerge;
- takes into consideration the need to rotate the duties of the staff of the Function in order to ensure its objectivity, taking into account the availability of the resources and the competencies of the same.

The Supervisory Body asks the Function to plan specific interventions that are integrated into the Audit Plan. These interventions, after the approval of the Supervisory Body, are integrated into the Audit plan and brought to the attention of the Board of Directors.

The audit plan, approved by the Board of Directors, is brought to the attention of the Top Management, the Board of Statutory Auditors and the Supervisory Body.

The planned activities are carried out in compliance with the aforementioned plan and can be varied and supplemented by interventions that may have been necessary to meet new needs (at the discretion of the Function Manager).

The plan is consequently updated by notifying the Board of Directors and specific reasons for it, also through the Control and Risks Committee. The changes to the plan are also communicated to the Supervisory Body.

The Internal Audit Function performs the activity of assurance and advice support.

The Function can also express an opinion or advise on the internal control system and on the other components of corporate governance. In performing this activity, the Function must guarantee independence and objectivity without assuming any managerial responsibility. The consulting services can be provided by the Function in different forms such as, for example, participation in projects, consultancy on new processes, policies, procedures and new products. Consultancy services are formalized and documented, when accepted they must be included in the audit plan and recommendations must be tracked and monitored.

The Internal Audit Function provides information within the periodic reporting to the Board of Directors on the status of implementation of the corrective action plan prepared by the relevant functions.
The function carried out by the Function within the internal control system is illustrated in quarterly reports.

Each report summarizes, in accordance with the activity plan, the activity carried out and the checks carried out, the assessments made, the results emerged, the critical issues and the shortcomings identified and the recommendations formulated for their removal, as well as the state and timing. implementation of improvements, if implemented.

In order to guarantee autonomy and independence:

- the Function is set up as a specific organizational unit;

- The Board of Directors decides on the following points:
  - ✓ appointment and revocation of the Function Owner, having consulted the Board of Statutory Auditors and the Control and Risk Committee;
  - ✓ approval of the Function Policy;
  - ✓ remuneration of the Function Owner;
  - ✓ assignment of objectives and performance evaluation of the Function Owner;
  - ✓ approval of the activity plan of the Function, the resource plan and the relative budget.

The Control and Risk Committee is involved in the approval processes for the aspects mentioned above. In particular, the appointment of the Internal Audit Manager is proposed by the Chief Executive Officer, having consulted the supervisory body and with the favorable opinion of the Control and Risk Committee and the Nomination and Remuneration Committee. The Holder of the Internal Audit Function hierarchically depends on the Control and Risks Committee, body of the Board of Directors, and functionally by the Chief Executive Officer.

In order to guarantee objectivity in the performance of the activities, the Function is free from conditioning that jeopardizes its judgment as:

- it formulates its own evaluations through rigorous analysis and in any case deriving from an impartial and unprejudiced attitude. It also avoids any conflict of interest. In this regard, the staff of the Function cannot carry out the review of processes on which it has had managerial responsibilities or an operational role in the period analyzed. Personnel must promptly report any conflict of interest that concerns them in the audit activity they are preparing to perform, to allow the Data Controller to make the appropriate assessments;
- the Activity Plan takes into consideration the need to rotate the tasks of the staff of the Function in order to ensure its objectivity, taking into account the availability of the resources and the skills of the same;
- the remuneration of the members of the Function (including the Owner) is determined, as established in the Remuneration Policy, on the basis of specific objectives of the Function that are consistent with the tasks assigned, independent of the results achieved by the operating units subject to control and linked to the achievement of objectives related to the effectiveness and quality of the control action, provided that they are not a source of conflict of interest.

B.6 Actuarial Function

The Company's Board of Directors has established the Actuarial Function as an integral part of the internal control and risk management system, within which it carries out second-level controls.

In general, the main objectives of the Function are:

- monitor the risk of reservation and subscription and verify the appropriateness of the data and the adequacy of the hypotheses and models used in this area, adequately informing the corporate bodies about them.

Therefore, the Actuarial function is, in particular, responsible for:

- coordinate the calculation of Non-Life and Life Technical Reserves, calculated according to the Solvency II principles;
- assess the adequacy of the Non-Life and Life Technical Reserves, calculated for the purpose of preparing the Statutory Financial Statements and Solvency II and certify the correctness of the procedures followed;
- verify the appropriateness of the data used to support the hypotheses and the adequacy of the methodologies, models and hypotheses used;
- evaluate the general underwriting policies and the reinsurance agreements, also considering the risk appetite, providing specific opinions;
- guarantee the preparation of reports for the benefit of the Board of Directors and the Risk Management Committee, as well as for the Parent Company.

B.7 Outsourcing

According to IVASS Regulation n. 38/2018, the Company has adopted an outsourcing policy with the main objective of limiting the operational risk deriving from the outsourcing contracts and ensuring compliance with regulatory, compliance, legal and security requirements. In consideration of the adhesion by the Company to the “reinforced” corporate governance system, as emerged from the outcomes of the self-assessment process carried out pursuant to the IVASS Letter to the Market on 5 July 2018, both on the basis of the dimensional parameters and on the basis of the complexity parameters, the Fundamental Functions are not outsourced.
The outsourcing policy governs the decision-making process, the responsibilities, the tasks and the controls in terms of outsourcing to third parties, to strengthen the monitoring of the risks deriving from the outsourcing choices.
Through this document, the criteria for identifying the activities to be outsourced have been defined, those for qualifying the functions or activities as essential or important, the methods for selecting suppliers, the decision-making process, the minimum content of contractual agreements, the methods of assessing the performance level of the supplier, emergency plans and related procedures, including exit strategies, information flows aimed at ensuring that the corporate control bodies and departments are fully aware of and govern the risk factors related to the outsourced functions and finally the communication obligations towards the Supervisory Authority.

The outsourcing of essential or important functions or activities must not be implemented in such a way as to cause serious damage to the quality of the governance system, nor should it lead to an undue increase in operational risk, nor compromise the ability of the Supervisory Authority to monitor the compliance with its obligations by the Company, nor prejudice the latter's ability to offer a continuous and satisfactory service to the insured.

In order to achieve the company objectives, the choices regarding outsourcing are based on a clear definition of the benefits and risks that derive from them and provide for the creation and maintenance of an effective system for monitoring outsourced activities. The outsourcing governance model requires the Board of Directors to define the strategic guidelines and directions, the implementation of which is delegated to the Top Management, which, also based on the risk assessments performed by the Compliance and Risk Management Functions, has the task of authorizing the outsourcing of services and reporting to the Control and Risk Committee and, subsequently, the Board of Directors.

In this context, one or more persons in charge of first level control activities on outsourced activities are identified and their tasks and responsibilities are formalized. The number of managers is proportionate to the nature and quantity of the outsourced activities.

The Company considers, in compliance with the provisions of Regulation n. 38/2018, as essential or important those activities whose failure or anomalous execution would seriously compromise the Company's ability to continue to comply with the conditions required for the maintenance of the authorization to carry out the insurance activity; financial results, stability and continuity of the Company's activities; the continuity and quality of services to the insured and the injured; the quality of the Company's corporate governance system or that lead to an undue increase in operational and compliance risk.

For the purposes of the Policy externalization is defined as essential or important:

a) of typical asset management insurance processes (with the exception of those comparable to the underwriting of asset management financial instruments) and claims management, including the decision-making phase, whose annual amount paid to the supplier for the specific service exceeds the minimum threshold of significance of 50,000 euros;
b) whose annual fees paid to the supplier exceed the minimum threshold of significance of €750,000 for the individual service or the minimum threshold of € 1,000,000 in terms of overall services offered to the Company.

With regard to the selection of suppliers, the same takes place on the basis of accurate verification that guarantees the possession of certain requirements, including, also for the purposes of the requirements of the art. 274, paragraph 3 of the EU delegated Regulation 2015/35, professionalism, integrity, independence as per the Company's Code of Ethics and economic capacity.
The supplier selection process is conducted to understand the main risks deriving from outsourcing and to identify appropriate strategies for mitigating and managing them. Evaluations are adequately documented and are made available to IVASS in the event of a request.
In general it is required that the supplier:

a) adopt all means to ensure that no conflict of explicit or potential interest jeopardizes the satisfaction of the needs of the Company;
b) is subject to the same provisions regarding the security and confidentiality of information relating to the Company or to the contractors, policyholders or beneficiaries of the policies to which the Company is subject;
c) has the financial resources necessary to perform the required activities correctly and reliably;
d) is in possession of specific requisites of professionalism, integrity and independence;
e) the outsourcing does not involve the violation of any law, in particular the rules on data protection;
f) the outsourcing procedures do not compromise the financial results and the stability of the Company and the continuity of its activities;
g) has adequate plans to deal with emergency situations or operational interruptions and, if necessary, periodically check the back-up devices taking into account the outsourced activities;
h) it is also required that all the personnel of the supplier participating in the performance of the outsourced activities be sufficiently qualified and reliable.

The selection criteria of outsourced service providers are mandatory in the event of outsourcing of essential or important functions or activities, of other activities for which the annual fee established for the supplier exceeds 50,000 euros, as well as in the event of outsourcing of functions and activities (regardless of their essential or important nature) that are normally attributed internally to the "Relevant Personnel" identified by the Company. Below this amount, verification of the existence of the integrity requirement is optional.

The Company ascertains that Service Level Agreements (SLAs) are provided within the outsourcing projects, ie the parameters for assessing the level of services, based on shared, objective and measurable indicators and contingency plans designed to guarantee service continuity.
To reinforce the existing contractual safeguards, the main actions to be taken in contingency situations are defined within the outsourcing project.

In the event of early termination of the outsourcing relationship of essential or important activity, the Company provides for an exit strategy appropriately documented in the steps that led to its definition, such as the identification of the possible alternative options, the feasibility analysis of the options chosen and of the costs / benefits of the various possibilities, the selection of the possible strategies to be implemented, the activation of the measures for the timely implementation as well as the periodic verification of the feasibility / opportunity of the selected strategies.

The Company has only signed contractual outsourcing agreements with suppliers located in the national territory for services in connection with the daily operations of its activity. The most significant outsourced activities refer to services related to IT infrastructures, claims management and document management services.

B.8 Other information

There are no other information to be reported.

C. Risk profile

The Company's exposure to risk, including any exposure arising from off-balance sheet, is measured with the Standard Formula envisaged by Solvency II regulation.

As at 31 December 2018, there are no cases of risk transfer through securitization or other Special Purpose Vehicles.

The risk profile of Vittoria Assicurazioni as at 31 December 2018 can be represented by the so-called "tree" of SCR., which enables to understand the significance of the risks, as well as the benefits of diversification among modules and sub-modules of risk: this schema is outlined in chapter E.2 Capital management – Solvency Capital Requirement and Minimum Capital Requirement.

C.1 Underwriting risk

Capital absorption for the underwriting risk is referred to possible unexpected losses both on the covered risks, and on processes used in the conduct of business. These losses are a possible increase in the technical provisions as a result of adverse and unexpected events, and their amount is calculated by aggregating:

- three sub-modules, premium and reserve, lapse and catastrophe, for Non-life and Health ;
- seven sub-modules, mortality, longevity, disability/morbidity, lapse, expense, revision and catastrophe, for Life.

<u>Non-life and health underwriting</u>

The Non-life and health premium and reserve sub-module is referred to:

- for the premium component, the risk that premiums generated from existing contracts are not sufficient to cover claims and the expenses incurred and to be incurred arising from these contracts;
- for the reserve component, the risk that the amount of the claims reserves is estimated in an improper manner and that, due to the stochastic nature of the payments of claims, these latter may fluctuate around the best estimate.

The Non-Life and Health lapse risk sub-module covers the risk of losses or the increase of the technical provisions arising from changes in the renewal rates, in case of contracts with unilateral renewal options available for the contracting party, in other words, it quantifies the capital requirements related to the possible inadequacy of the estimates on assumptions of discontinuance of the portfolio used for the calculation of the technical provisions, or of changes to the policy holders' behaviors.

Still in the context Non-life and Health, the catastrophe risk sub-module quantifies the risk of losses or increase in technical reserves linked to possible extreme or exceptional events such as natural catastrophes (storm, flood, pandemic, etc.) or artificial catastrophes (fire, terrorism, other events involving a place where there are many insured parties etc.).

Losses determined at sub-module take into account the mitigation provided by the passive reinsurance, where provided for by the Standard Formula.

<u>Life underwriting</u>

The mortality risk sub-module is related to the policies subjects to mortality risk, for which an increase in the mortality rate results in an increase of the technical provisions and the payment of benefits to the recipients.

The longevity risk sub-module is related to the policies subject to longevity risk, for which a decrease in the mortality rate results in an increase in the technical provisions and the payment of the benefits to the recipients.

Similarly, the disability/morbidity risk sub-module quantifies the capital requirements related to a possible increase in the disability and morbidity rates.

The lapse risk sub-module is related to options offered to the insured parties, whose exercise can change the future cash flows and therefore the technical provisions (termination, surrender, decrease, restriction or suspension of insurance covers, annuity appetite etc.).
The expense risk sub-module is related to the risk linked to the change in expenses resulting from the contract management, and aims at covering the risk that the management costs received upon premium collection cannot be sufficient to cover a future expense increase.
The revision risk sub-module quantifies the capital necessary against an instantaneous permanent increase of the annuity benefits paid by the Company where the benefits may increase as a result of changes in the legal framework or state of health of the person insured (contractual clause not included in the insurance policies issued by Vittoria Assicurazioni).
The catastrophe risk sub-module reflects a scenario in which the mortality is subject to one-off increase as a result of extreme and irregular events.

C.2 Market risk

The capital absorption for the market risk reflects the risk arising from the level or volatility of the market prices of the investments impacting on the value of the Company's assets and liabilities, as well as structural mismatch between assets and liabilities, in particular with respect to their duration, and is calculated by aggregating the following sub-modules: equity, real-estate, spread, currency and concentration.
Assets and liabilities held by the Company directly or by Funds are taken into account.
Equity risk
The equity risk reflects the possible losses arising from the changes in the level or volatility of the market prices of the equity instruments, and is directly linked to the market value of related financial instruments.
Two different levels of capital absorption are provided for:
- 39% for equities listed in regulated markets in the EEA o in OECD countries;
- 49% for other equities listed in stock exchanges, equities that are not listed equities and alternative investments.

Percentages above mentioned are then adjusted by ±10% relating to a symmetric mechanism of counter-cyclical adjustment (as at 31 December 2018 it is -6.34%).
Equity investments (in subsidiaries and associates) qualified as strategic benefit from a lower level of capital absorption (22%). This category include investments in real-estate companies held directly by the Company that, besides meeting the Governance requirements (strategy and ability to hold the investee company for a long time), by highlighting a potential expected loss to one year that is significantly lower than the possible loss for other financial equity instruments (49%).

Furthermore, the calculation of the capital absorption considered that, in the Delegated Acts, "Transitional Measures" were introduced in order to avoid abnormal increases of volatility of the equity markets and to allow all investments in capital instruments, including those available in the Funds, to be subject to a capital absorption of 22%. This facilitation, that is only referred to investments already held on or before 1 January 2016, will be gradually withdrawn in seven years, realigning the capital absorption of these investments to 39% (if listed) and to 49% (if not listed) in 2023.

Real estate risk
The volatility of the real-estate markets, within the Standard Formula, is considered by determining a capital absorption that is 25% of the market value (in this case identified in the appraisal values) of the real-estate investments, regardless of destination and nature.

Spread

This risk reflect the sensitivity of the value of assets and liabilities and the financial instruments to changes in the level or volatility of credit spreads against risk-free term structure.
Government bonds, or anyway connected to them, are not included in this risk. The amount of the capital absorption increases as the rating class decreases and the duration of the securities considered increases.

Currency risk
The currency risk reflects the changes in the level or the volatility of the currency interest rates, to which the undertakings may be exposed both with reference to the assets and liabilities held. The capital absorption provided for by the Standard Formula is 25% of the related net exposures denominated in each currency.

Interest risk
The interest risk arises from the sensitivity of the value of assets, liabilities and financial instruments to changes of the maturity structure or volatility of spreads.
After quantifying the base NAV value as difference between Assets and Liabilities that are sensitive to the spreads, the capital absorption corresponds to the worst of the two changes in NAV occurring in two scenarios, where the value of Assets and Liabilities is re-calculated with a spread curve altered with upwards and downwards shocks.

Concentration
The sub-module measures the additional risks arising from investment portfolios that are particularly focused on some counterparties, by taking into account the significant exposures to the same counterparty or Group. To this end, activities considered in the spread, equity and real-estate risk sub-modules are examined, with exclusion of the investments in government bonds or in subsidiaries.
On the basis of the foregoing, the only position on which a capital absorption was calculated as at 31 December 2018 consists of the investment in Yam Invest N.V., that belongs to the equity investments.

The “Prudent person principle” under Article 132 of the Solvency II Directive has been transposed, at governance level, through the adoption of the specific Investments, ALM and liquidity Policy, whose main objective is to define the conditions that enable the Company to permanently generate future cash flows to fulfil the contractual obligations with insured persons while maintaining an adequate profit.
In particular, the specific objectives for the management of the investments, consistently with the overall Risk Management System and with the Risk Appetite, are as follows:

- guaranteeing the capital strength of the Company through an efficient allocation of financial assets to be implemented in relation to the risk and return objectives defined according to the commitments made to policyholders;
- defining an investment process that disciplines the methods for determining investment decisions within a defined framework of limits and risks consistent with the business activity performed;
- determining the tactical asset allocation based on the medium / long-term strategic asset allocation and on the performance of the economy and the reference markets.

The Investments, ALM and Liquidity Policy envisages a portfolio division in “core-satellite”.

The core component is invested in debt securities with Investment Grade or liquidity instruments, with features that are compatible with liabilities both in terms of the average duration and time frame of cash flows.
In order to limit the investment risk, the securities in the "core" portfolio are selected according to the established criteria (key economic data, past and expected for the future, of the issuing country such as EBIT and EBITDA and credit margins, such as the Debt/Equity ratio, etc.), and income information is also examined for the instruments issued by companies. EBIT and EBITDA and credit margins, such as the Debt / Equity ratio, etc.), and in particular with maturities and coupon flows that ensure a regular liquidity contribution without the need to normally sell them.

The "satellite" component normally provides for the investment in financial instruments and / or strategies that cannot be replicated internally, or whose implementation would not be efficient through the purchase or sale of individual securities. These are less liquid financial instruments, such as private debt or private equity funds or strategic financial and real estate equity investments. In this case, the selection of instruments (in particular debt and private equity) takes place through an internal due diligence process which, once the third-party management companies have been identified, envisages the preparation of a specific questionnaire and the subsequent analysis of the answers provided as well as the meeting with the selected management company, followed by an assessment of the consistency between the investment and the overall objectives of liquidity, return and risk of both the individual portfolio and, as regards the risk, of the total assets of the Company.

As a whole, the investment portfolio composition is structured in such a way as to provide for an adequate level of diversification among the different asset classes, consistently with risk profile of liabilities and in the pursuit of safety, profitability and liquidity of the portfolio as a whole, also resulting in its proper dispersion.

In managing the investments, the Company takes into account the features of each portfolio, with particular reference to the various profiles of insurance liabilities maintaining the objective of obtaining adequate future cash flows in relation to the commitments made.

The investment policy, ALM and liquidity provides for the monitoring, through specific reporting, of existing positions.

Assets held in relation to Life insurance contracts whereby the investment risk is supported by the policyholders (linked insurance policies and pension-fund management) are handled according to the objectives and strategies provided for by related insurance policies and regulations, pursuant to the total transparency towards policyholders and beneficiaries.

The Company, in order to evaluate the investment risks taken, carries out proper stress tests (i.e. impact of a depreciation of the equity and real-estate prices, of the change in the term structure of changes in the spread).
As for the safety of the investments, the Company has implemented, in addition to the usage of ratings issued by independent parties (ECAI), its own instruments and techniques to evaluate the credit risk, such as the leverage and the performance of the shares of the issuer and related Credit Default Swap spreads.

Besides the limitations for the purposes of managing the liquidity risk, the Company established rules and limits on the investments, including:

- The definition of rules for the allocation of investments to the investment portfolio or trading portfolio, and minimum limits to be assigned to the trading portfolio, with a distinction between Life Business Management and Non-Life Business Management;
- A percentage cap to the securities that are not listed in regulated markets and therefore potentially low liquid;
- A higher cap for the changed duration, consistently with the liabilities structure, with a distinction between Life Business and Non-Life Business;
- A cap that is higher than the ratio between SCR Market (Standard Formula) and the total assets subject to Market Risk;
- Investment limits per geographical area, currency, rating grade (between A and AAA, Investment Grade and non-Investment Grade) and issuer category (Italy, other countries, other issuers);
- Investment limits in derivatives (as at 31 December 2018, this kid of investment is not included in the Company’s portfolio);
- Limits to lending, broken down per counterparty, type of guarantee etc.

C.3 Credit risk

The credit risk module reflects potential losses generated by an unexpected default or deterioration in the credit standing (i.e. rating) of the counterparties and debtors in the following twelve months. Exposures are divided in two types:

- Type 1: counterparties, aggregated per Group, having a rating that enables to assess the probability of default (credits to insurance or reinsurance companies and balances on bank or post accounts).
- Type 2: includes exposures where the counterparty is unrated (policyholders, intermediaries, residential mortgage lending etc.).

The capital requirement considers the default probability of the counterparty (Type 1) and the credit seniority (Type 2).

C.4 Liquidity risk

The liquidity risk reflects possible losses arising from the difficulty of fulfilling the cash commitments, expected or unexpected, owed to counterparties, and arises mainly by:

a) Market Liquidity Risk, i.e. the sale of assets in unfair economic and timing conditions, accordingly influencing the Net Asset Value of the company;

b) Liquidity Mismatch Risk, i.e. the mismatch between cash inflows and cash outflows or an inadequate treasury management.

In particular, the liquidity risk for the Company mainly arises from:

- Management of the insurance portfolio, mainly for the uncertainty of the amount and timing linked to occurrence of the obligations take in the insurance portfolio (compensation for claims, claims payments, etc.);
- Management of insurance and reinsurance assets, in particular linked to the risk that the reinsurance contractual counterparty which the Company is exposed to cannot fulfil obligations entered into;
- Management of the debt financing, with the risk that the Company cannot fulfil existing obligations because of insufficient resources;
- Management of investments, including the liquidity risks connected to those assets that may potentially become illiquid and lead to unexpected losses from disinvestment.

The Company established a policy that, inter alia, provides for:

- The control of the liquidity risk in the short term and in the medium-long term;
- The creation of a minimum level of liquidity to be kept on the bank accounts and a minimum level of liquidity buffer (liquidity and free and readily cashed in short-term investments);
- The procedure for monitoring said levels;
- The estimate of financial flows forecasts and their check in the final balance.

The Standard Formula of Solvency II does not provide for a capital absorption for the liquidity risk.

C.5 Operational risk

The operational risk refers to the exposure to risks that are not considered in the other modules: possible losses arising from inadequate internal procedures, personnel or system mistakes or from external events.

It is a residual operating risk, additional compared to the operating risks already included in the other sub-modules.

It includes the legal risks and excludes risks arising from strategic and reputational decisions.

The Standard Formula, that cannot evaluate the adequacy of procedures and systems of each company, quantifies the operating risk with a calculation that takes into account only three company dimensions (mainly technical provisions, premiums and related growth).

C.6 Other material risks

No other material risks are to be found.

C.7 Other information

The Company implemented the adequate techniques of risk mitigation (that influence the probability that adverse events occur), consisting mainly of the use of reinsurance coverages, as well as the recourse to real guarantees (mortgages and deposits).

As for the first ones, the Reinsurance Policy of the Company aims at pursuing the balance of the preservation of each segment, and as a whole, for all segments.

Based on the vision of the overall exposure to the insurance risk, the proper reinsurance strategy is deployed to determine outward reinsurance properly and in line with the its risk appetite, while optimizing the use of the capital. Outward reinsurance, included in the relevant plan, are carried out by following the guidelines of said Policy.

With reference to the net level of risk retention, the assessment of the best retention is made considering:

- An assessment of the capital margins available;
- An assessment on the experiences of claims rate of the portfolio checked on the technical results of the Company;
- The level of risk tolerance defined in the Risk Appetite statement.

Specific tools used enabled to determine that the maximum possible damage is referred to the portfolio relating to the Fire and Technological Risk sectors for the Earthquake guarantee considering, through simulation, the effects of a single catastrophe event on the portfolio in a return period of 1/250 years.

Consistently with the retention objectives, it is defined whether to use the proportional or non-proportional reinsurance and, for the underwriting of risks that do not have quantitative or qualitative features established by insurance treaties, but falling into the philosophy of the Company's underwriting, specific facultative outward reinsurance arrangements are used.

The Reinsurance Policy defines also procedures for selecting the counterparties, that provides for assessing and monitoring the credit worthiness of reinsurer counterparties and checking any restrictions to procedures of the balances settlement, as well as the maximum exposure to a single counterparty or group.

The verification of the efficiency of the risk mitigation performed through reinsurance is carried out when the annual plan of outward reinsurance and half-year changes is defined.

The Company makes periodic stress-testing, quantifying the impacts that would follow the occurrence of adverse scenarios, consisting of both external phenomena, and by changes in the industry regulations.
By way of example, when performing the Own Risk and Solvency Assessment (ORSA), based on the recommendation by the Insurance Regulator, two financial and insurance stress tests were carried out, as specified below:

- a first scenario, called "Macroeconomic", characterized by an increase in risk-free returns, an increase in credit spreads on both corporate and government bonds and severe shocks in the stock and real estate markets, accompanied by some insurance-type stress, i.e. an instantaneous mass redemption on life policies and an increase in claims inflation for non-life policies. The simultaneous situation of severe criticality both in the government and corporate bond sector and in the equity and real estate sectors, which are usually characterized by a certain decorrelation, is the reason why this scenario is not only to be considered as particularly negative, but also has characteristics that can be imagined as unlikely (the probability that these events can occur together has not been quantified by EIOPA). Moreover, the circumstance, hypothesized here, which foresees the instantaneous occurrence of all the stress scenarios, both financial and insurance, without leaving the Company the possibility of reacting to the events foreshadowed, also speaks in favour of a situation that is not very reproducible and it is with these warnings that the results obtained should be read. It should also be noted that, given the extreme severity of the 2018 stress test, EIOPA has not qualified it as a "pass or fail", the failure to pass which would have required recapitalisation.

- a second scenario, called "Interest Rate", which envisages a reduction in risk-free returns, a shock on the stock market (although less severe than in the previous scenario) and a slight reduction in credit spreads on both corporate and government bonds; insurance-type stress is also envisaged, consisting of a persistent reduction in mortality in life insurance policies.

Additional stress scenarios were as follows:

- hypothesis of increasing the frequency of Motor TPL claims for the following three financial years, with consequent recalculation of the specific company parameters;
- hypothesis of two catastrophic events (earthquake and flood) accompanied by the default of the main reinsurer affected by the protection program;
- hypothesis of a worsening of the Company's image, with a consequent reduction in premium income and an increase in advertising costs and operational risks.

ORSA valuations were carried out both in the Standard Formula logic and in the "base scenario", which more precisely reflects the specific risk profile of the Company (taking into account, for example, market risks in transparency and with a consequent prevalence of substance over form).

The results of the stress tests carried out do not highlight any critical issues for the Company.
For the "Macroeconomic" scenario alone, with the clarifications set out above, a Solvency II Ratio 2018 (standard formula) of 138.9% was recorded.

D. Valuation for solvency purposes

General principles

For the purposes of preparing the Solvency II financial statements, the Company values assets and liabilities in compliance with Article 75 of the Directive, whereby:

a) assets shall be valued at the amount for which they could be traded between knowledgeable willing parties in an arm's length transaction;

b) liabilities shall be valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction.

In particular, above provisions were evaluated according to the international accounting standards adopted by the Commission under the EC Regulation no. 1606/2002, compatible with Solvency II regulation.
The Company has not used criteria of valuation that are not allowed by Article 16 of the Delegated Acts.

Fair value hierarchy

In identifying the fair value levels, the Company follows the following hierarchy:

- assets and liabilities are valued with listed prices in active markets for the same assets and liabilities, if any;
- when the use of listed prices in active markets for the same assets and liabilities is not possible, assets and liabilities are valued using prices that are listed in active markets for similar assets and liabilities with adjustments to reflect the differences;
- where the two previous methods cannot be applied, the Company avails itself of alternative valuation methods.

Factors for determining an active market are, in order:

a. Trading volume;
b. Trading frequency;
c. Market participants' willingness to trade the asset at market prices.

When using alternative valuation methods, the Company relies on valuation techniques that are consistent with one or more of the following approaches:

- Market approach, which uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities or a group of assets and liabilities, quoted in markets that are not active;
- Income approach, which converts future amounts, such as cash flows or income and expenses, to a single current amount. The fair value reflects current market expectations about these future amounts;
- Cost approach or current replacement cost approach, which reflects the amount that would be required currently to replace the service capacity of an asset. From the perspective of a market participant seller, the price that would be received for the asset is based on the cost to a market participant buyer to acquire or construct a substitute asset of comparable quality adjusted for obsolescence.

When using alternative valuation methods, the Company defines, chooses and makes the maximum use of relevant market inputs, including:

- quoted prices for identical or similar assets or liabilities in markets that are not active;
- inputs other than quoted prices that are observable for the asset or liability, including interest rates and yield curves observable at commonly quoted intervals, implied volatilities and credit spreads;
- market-corroborated inputs, which may not be directly observable, but are based on or supported by observable market data.

To the extent that relevant observable inputs are not available including in circumstances where there is little, if any, market activity for the asset or liability at the valuation date, the Company uses unobservable inputs reflecting the
assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

The valuation can be performed internally or by relying on appraisals drawn up by external independent experts, or by any offers received from market operators.

When making valuation of assets and liabilities, separately for each class, the Company applies the principle of materiality and proportionality of data, in compliance with Delegated Acts.

Valuation is performed on a going-concern basis.

The Company aggregated the individual balance sheet items in the different classifications provided for the Solvency II Regulation, given the nature and risks relating to each item. In particular, the plan of the individual balance sheet was reviewed in order to identify the homogenous indicators based on the features of each item.

D.1 Assets

(€/000)

Assets	Statutory accounts value	Reclassifications	Accounting policy differences	Solvency II value
Intangible assets	7,470	-	(7,470)	-
Deferred tax assets	60,878	-	24,576	85,454
Property	187,583	-	56,711	244,294
Participations	480,206	-	(5,336)	474,870
Equities, Bonds and Other investments	2,543,692	-	82,446	2,626,138
Assets held for index-linked and unit-linked contracts	68,401	-	-	68,401
Reinsurance recoverables	60,434	-	(19,072)	41,362
Receivables and other assets	591,771	(26,060)	-	565,711
Cash and cash equivalents	194,093	-	-	194,093
Total assets	**4,194,528**	**(26,060)**	**131,855**	**4,300,323**

Valuation method

A. Intangible assets

For the purposes of Solvency II, the value of the intangible assets, including goodwill, deferred acquisition costs, as well as other intangible assets not tradeable in active markets, is set to zero, as not tradeable on an active market. When an item of the other intangible assets is tradeable on active markets, this is valued on Fair Value.

In the individual balance sheets, the intangible assets are amortized on the basis of the residual useful life, that is periodically reviewed.

B. Deferred tax assets

The item includes deferred tax assets found in the balance sheet, with all differences arising from local GAAP values and Solvency II values.
Differed taxes are due to:

- Temporary differences, i.e. mismatch between the moment when a component of expenses or income is entered in the balance sheet and the related taxability or deductibility;
- Differences between the values recognized for tax purposes and the book values ascribed to assets or liabilities in the balance sheet or the statement of assets and liabilities prepared with Solvency II accounting standards;
- Any benefits on previous tax losses.

The differed taxes are calculated based on tax rates in force in the year when there is the reversal of differences, notwithstanding the laws issued as at the date of the balance sheet drafting, given the peculiar tax regime applicable to the different items of the statement of assets and liabilities.
The deferred tax assets are recorded to the extent that there is the reasonable assurance of adequate future taxable income in the years in which the deductible temporary differences come due.

In particular, it is expected that deferred tax assets, net of the DTL transfers, are recovered as follows:

- Within 1 year: 17.3%;
- from 2 to 5 years: 69.5%;
- over 5 years: 13.2%.

There are no unused tax losses or tax credits for which no deferred tax asset is found in the balance sheet.

In the individual financial statements deferred tax assets and liabilities are calculated on the basis of the rates in force at the time when the temporary differences reverse, making appropriate adjustments in the event of a change in rate compared to previous years, provided that the law that varies the the rate has already been issued at the financial statements date.

C. Property

Assets included in this category are valued to fair value, according to the fair value hierarchy before mentioned. The valuation is based on appraisals by external independent experts, which according to the classification of the properties are based on:

- Owner-occupied property: comparative method and income method of direct capitalization;
- Investment property: income methods of processing and discounted cash flow. In particular, the discount rate is the weighted average capital cost (WACC) which takes account of a leverage ratio of 50%, prospective inflation assumptions and the return on government bonds.

For the purposes of the individual balance sheet, property is valued to the cost adjusted for the amortization, write-downs and cumulated tax revaluation. The useful life considered for the purposes of amortization is fifty years for the registered office and thirty-three for all others.

Plants and equipment allocated to this item have been valued in compliance with Article 75 of the Directive.

D. Investments

The item includes investments in subsidiaries, associates and joint ventures, in which the Company holds, directly or by way of control, 20% or more of the voting rights or capital or a dominant or significant influence.
The classification between subsidiaries and associates reflects, respectively, the presence of control or significant influence on the investee companies.
As these participations are not listed, the value for Solvency II purposes was determined using the adjusted equity method (pursuant to Article 13 of the Delegated Acts) which requires the undertaking to value its holdings in related undertakings based on the share of the excess of assets over liabilities of the related undertaking held by the
participating undertaking, by valuating with Solvency II criteria any assets and liabilities ascribed to the balance sheet of the participating undertaking.
For non-significant investments in associated companies, the valuations were made considering the principle of proportionality.

In the individual balance sheet, participations are valued to the acquisition cost, including related charges net of any durable losses of value. These losses are recovered in the following balance sheets if the reasons for the valuation adjustments made no longer apply.

E. Equities, bonds and other investments

Equities, bonds and investment funds listed are valued to the market price traded on active markets, of the last available trading day.
With particular reference to the Investment Funds, the Fair Value is represented by the value of the equity published and, if not available, valued using the last value of the equity available, including instalments or reimbursements issued in the reference period.

Valuation applied to unlisted shares and bonds were carried out as follows:

- Unlisted equities: for unlisted capital equities, but for which transactions in liquid markets take place, the Fair Value is measured on the basis of prices of recent transactions;
- Unlisted bonds: in case of bonds unlisted on regulated markets, the Fair Value is measured alternatively as follows:

1) on the basis of prices of recent transactions, if transactions are carried out in liquid markets;
2) on the basis of the observation of the market prices of similar instruments;
3) using the cost net of any impairments cumulated for bonds of non material value.

In order to mitigate the impact of the main uncertainties, the Company checked that the securities available in the portfolio are traded in an active and liquid market.
The unlisted equity investments mainly refer to the shares held in the company Yam Invest N.V., Banca Passadore & C. S.p.A. and Camfin Industrial S.p.A.. In particular, for the company Yam Invest N.V, an independent expert appraisal was used, which determined a range of maximum and minimum values, within which the fair value, equal to 50,697 thousand euro as at 31 December 2018, was recorded.

The evaluation methods applied are:

- the Sum of the Parties ("SOP") method, based on the principle that the economic value of a company is determined by estimating the value of the individual assets that comprise its assets and deducting the related liabilities and the cds. holding costs.
- the Simple Capital Method based essentially on the principle of the expression, at current values, of the individual assets that make up the company's capital and the updating of passive elements.

As for the stress tests adopted by the Company, reference is made to chapter: "*B.3 Management risk system, including Own Risk and Solvency Assessment (ORSA*)".

For the purposes of the individual balance sheet, these investments are recorded at the purchase cost less any durable losses of value, losses that are not kept in the following balance sheets if the reasons for the valuation adjustments made no longer apply. With regard to short term bonds, they are recorded at acquisition cost including all ancillary charges and are valued in the financial statements at the weighted average cost or, if lower, at the realizable market value. This lower value is not maintained in the subsequent financial statements if the reasons for the adjustments made no longer apply. The cost of fixed-income securities is adjusted by the amount accrued in the year of the issue discount, equal to the difference between the issue price and the redemption value.

F. Assets held for index-linked and unit-linked contracts
These investments are related to insurance policies with risk borne by the Life policyholders and are valued at the price and exchange rate of the last trading day of the year, both for Solvency II purposes and for the individual balance sheet.

G. Amounts recoverable from reinsurance
Similarly to what happens to the technical provisions of direct and indirect business, resinsurers' and retrocessionaires' shares are redrafted, against the balance sheet, with the Solvency II criteria, that take into account the expected financial flows related to the recoveries on the obligations of the direct and indirect business, discounted on the basis of the Volatility Adjustment curve.

H. Receivables and other assets
This item is valued according to provisions under the Article 75 of the Directive.
In the individual balance sheet they are valued at the expected realizable value, calculated from the adjusted nominal value by dedicated Allowance for doubtful accounts and determined by the valuations made by the Industrial Accounting Function, given, for insurance receivables, the historical trend of recoverability and seniority of the receivable, recorded for each segment. In the individual balance sheet, the insurance receivables and receivables to intermediaries include the amounts to be recovered by Policyholders and third parties for claims payments on policies with "no claims bonus" clause, deductibles and subrogations, which for Solvency II purposes are reversed from the receivables, as already included in the Best Estimate calculation.

Other assets of the financial statements mainly include prepaid items that are calculated with the pro-rata temporis method.

I. Cash and cash-equivalent

Available balances are recorded, both for Solvency II purposes and for the individual balance sheet, at the nominal value. Balances of currency accounts are calculated at the exchange rates at the end of the period.

There are no financial or operating leases.

D.2 Technical provisions

D.2.1 Technical provisions: value for material asset area

Reference is made to the quantitative models S.12.01.02 and S.17.01.02, attached hereto, which outline respectively the value of Life and Non-Life technical provisions, separately for each line of business.

D.2.2 Technical provisions: main bases, methods and assumptions used for the solvency assessment

Composition

Solvency II regulation provides that all items are reported on the balance sheet at the fair value.
In this case, the Technical Provisions can be calculated as a Whole according to the market value of financial instruments used.
For all other technical provisions, the Solvency II regulation provides that the market value is determined as the sum of Best Estimate and Risk Margin.

The Best Estimate is determined by the discounting of all expected cash outflows (net of cash inflows), without prudent elements provided for by the current local GAAP and supervisory regulation: ultimate cost (Claims Reserve), premium linear deferral (Premium reserve) and usage of prudential technical bases (Mathematical Reserve).
Discounting is carried out using risk-free rates and Volatility Adjustment.
The Best Estimate is not the market price to which obligations to policyholders could be transferred, insofar as, just because of the lack of prudency required for its calculation, the potential acquirer of the liabilities would have the same probabilities (50%) to yield a profit or a loss from the settlement of acquired obligations.

For this reason, the Best Estimate is integrated by the Risk Margin that, in the context of transferring insurance liabilities, represents the “risk remuneration” required by the acquirer in order to take the risk that the Best Estimate is insufficient.
The Risk Margin is equal to the remuneration of the Own Funds that the acquirer of insurance liabilities must hold to cover the SCR needed till complete payment of the liabilities. The quantification method is defined Cost of Capital and the figurative remuneration rate of the capital is defined by the Supervisory regulation.

The method applies also consistently with the reserves and reinsurance Recoverables.

Best Estimate

Financial flows provided for in relation to the settlement of Technical Provisions (payments for claims, expenses, etc. gross of premium receipts, recoveries etc.) are calculated gross and net of the reinsurance recoveries and discounted with the EIOPA curve.

Non-Life Best Estimate: Claims and Recoveries, Direct and Indirect business, gross of the reinsurance:

<u>Claims reserve Direct Business (claims reported and IBNR):</u> for all Homogeneous Risk Groups (HRG) the Chain Ladder triangles as at the observation date are analyzed. For the HRG with higher historical background, the model was subject to the right calibration, and therefore it is used to evaluate the Claims Best Estimate (both in terms of amounts, and of years, in which payments are expected to be made).

For the HRG for which the Chain Ladder outcome provides an unreliable estimate as the evolution ratios have an unstable trend, the simplified method is used by approximating the Claims Best Estimate directly with the balance sheet reserve, that is changed in the financial flows expected for the following years using the related settlement speed observed in the recent years. This simplification was used for the LoB 9 and 12.

Sums to be recovered from policyholders and others – Direct Business: for the more significant HRG, the estimate was made applying a percentage vector to the future payment flows estimated for the Claims Best Estimate and IBNR; the percentage, on each HRG, was chosen by comparing the historical arrays of payments with those of the recoveries carried out.

Open claims – Indirect Business: the amount is estimated for each HRG using the balance sheet amounts, developed in the future years with the related settlement speed observed in the recent years.

Non-Life Best Estimate: Claims and Recoveries, Direct and Indirect Business: Reinsurance Recoverables:

Open claims (ceded business): this component is estimated applying to the Best Estimate “Claims Reserve Direct Business (reported claims and IBNR)” the same proportion available, for each HRG, between direct and ceded business available on the sums of payable and balance sheet reserve.

Sums to be recovered (ceded business): this component is estimated by applying to the Best Estimate “Sums to be recovered from policyholders or others – direct business” the same proportion available, for each HRG, between direct and ceded business available on the balance sheet sums to be recovered.

Open claims (retroceded business): currently this item refers only to claims on guarantees on “Aviation hulls”, included in the LoB 6 (Maritime, aeronautics and transport insurance), and is estimated by using the balance sheet data.

Non-Life Best Estimate: Premium Reserve, Direct and Indirect Business, gross of reinsurance:

Premium reserve – direct business: the Premium Best Estimate is calculated by valuating separately the cash inflows (“IN”) and the outflows (“OUT”):

Cash IN:

- Instalments: consisting of the infra-annual premium instalments that will be issued after the reporting date on the contracts in force as at the observation date.
- Receipts on existing multi-year contracts as at the observation date. The related estimate is made by calculating the premium that is expected to be received from the following year till the maturity year, disaggregated for each specific guarantee (and hence per line of business) as well as per collection year.
  Future projections are eliminated in order to consider the probability of contract termination by the policyholders after the first 5 years of the contract itself, also according the relevant regulations (“Bersani Law”).

Cash OUT:

- Claims and related expenses estimated for the year(s) following to that of observation, for the contracts in force as at the date, covered by premiums already issued by the Company: the amount is approximated starting from the amount “Reserve for unearned premiums” of the balance sheet, gross of the acquisition costs, to which the historical Loss Ratios observed for each HRG is applied.
  The flow is developed in the future years using, for each HRG the settlement speed found in the historical trends and already used for the calculation of flows of the Claims Best Estimate.
- Claims and related expenses estimated for the year(s) following that one of the observation for the contracts in force as at the date and related above mentioned Instalments: the amount is approximated, for each HRG applying the historical Loss Ratios observed for the “Instalments”. The flow of resulting

amounts is developed in the future years, for each HRG the settlement speed found in the historical trends and already used for the calculation of flows of the Claims Best Estimate.
- Acquisition costs on the instalments: it is the acquisition costs provided for the year following the one of observation for contracts in force as at the date and related above mentioned Instalments.
- Claims and expenses (including acquisition costs) linked to receipts on multi-year contracts, in force as at the date of observation, that the Company estimates to collect from the year following the one of observation. Expected claims are estimated applying to the cash flows expected in the future years, the budget Combined Ratio for each HRG.

Premium reserve – ceded business: the Premium Best Estimate of the direct ceded business is calculated applying to the Best Estimate of each component calculated on the direct business the ceded percentage observed in the balance sheet for the related HRG.

Premium reserve – indirect business and retroceded indirect business: for the indirect business, the estimate of the Cash Flows is made by considering only the claims component arising from the Unearned Reserve in the balance sheet. The flow of resulting amounts is developed in the future years using the settlement speed found in the historical trends and already used for the calculation of flows of the Claims Best Estimate.

Life Best Estimate: Technical Reserves, Direct and Indirect Business, gross of reinsurance:

For the calculation of the gross Best Estimates the actual value of future inflows and outflows produced by the contracts is used, by separately elaborating the flows gross of the reinsurance from the flows arising only from the reinsurance.
The future cash flows of the Life contracts are projected till complete extinction of the portfolio, assumed to be in 30 years, by a calculation tool that uses reliable, realistic and entity-specific information and assumptions on the behaviors of the policyholders (surrender appetite, decrease, annuity conversion, maturity extension, increase or decrease of premiums etc.), on the demographic trends (mortality) and on the other significant factors (expenses, reinsurance, forward-looking expected returns on the Separate Management Accounts, guaranteed minimum returns, etc.).

Cash inflows include:
- premiums;
- recoveries arising from the reinsurance.

Cash outflows include:
- benefits payable for death;
- payable for disability;
- payable for redemption;
- payable for surrender;
- payment for annuities;
- administrative costs (commissions and costs directly linked to the management of the policies);
- payments to reinsurers.

Linked policies

As for the so-called Linked policies, whose benefits are linked to indexes or other financial instruments and the financial risk is borne by the policyholders, the Company has evaluated that the contractual forecast of cost application in case of surrender, the presence of management commissions commensurate to the share value, along with the management expenses, ensure that, for these types of policies, the valuation with the As a Whole method is not enough accurate.
The Best Estimates of said policies benefits are calculated using the rates of the risk-free curve provided by EIOPA as as expected annual returns of the underlying assets, also for the discounting of the projected cash flows.

Counterparty default adjustment

Technical specifications require that the overall amount of the Best Estimate of the technical provisions borne by the Reinsurers is adjusted to take into account the possibility of default by the counterparty.
As for the Life and Non-life component, the adjustment was calculated using the simplified approach proposed by the regulation (Article 61 of the Delegated Regulation (EU) 2015/35) which considers the exposure to each counterparty according to the related Credit Quality Step.

Risk Margin

The Risk Margin is the part of technical provisions that quantifies the amount that is to be added to Best Estimate of the Technical Provisions to determine the overall amount that the Company should pay to another Company to transfer all existing contractual obligations.
The calculation method for the Risk Margin is the Cost of Capital (CoC), that is calculated taking into account that who takes over in the obligations of a company transferring its technical provisions (in run-off events) must have a determined supervisory capital (destined for being gradually freed based on the technical provisions run-off), and that the availability of this capital is to be remunerated.
The CoC is valued separately for the Life and Non-life technical provisions.

Calculation of Non-life Risk Margin
The regulation requires that the calculation is made by estimating the SCRs of all future years till the complete run-off of the portfolio and assuming an annual cost, resulting from the figurative remuneration at 6% (rate set by EIOPA); the Risk Margin is equal to the sum of all annual costs, discounted at the date of observation.
As it is not possible to make directly the calculation of the SCRs of the future years, one of the simplified method proposed by EIOPA was used, namely to approximate the future SCR by using a constant proportion against the Best Estimates.

Starting from the Best Estimate at the reference date, the relevant SCRs (Non-life, Health, Default Type 1 and Non-life component of the Operational Risk) were calculated and the projected Best Estimates for the following 16 were discounted, by assuming that future SCRs decrease compared to the original SCR at the same rate as the Best Estimates decrease.
Future SCR obtained have been discounted and, on the capital total used overall for the run-off of technical provisions, the 6% of COC was calculated, by getting the overall Risk Margin, that was given to the HRG as a proportion of the related Best Estimates.

Calculation of the Life Risk Margin
The Life Risk Margin is calculated by adopting, among the different simplified methods proposed by EIOPA, the one that implies the constancy in the years to come of the ratio between SCRs (Life SCR and Life component of the Operational Risk) and the Best Estimate.
Based on this assumption, the SCR amount relating to the current portfolio at the end of each year of projection is estimated by applying said ratio to the Best Estimate calculated at that time.
The sequence of future SCRs so set is therefore discounted with curve of risk-free rates and without volatility adjustment. The application of the capital cost of 6% to this amount results in the Risk Margin, which has been attributed to LOBs in proportion to the respective contribution to the Life SCR.

D.2.3 Uncertainty level associated to the value of the technical provisions

Non-Life

The uncertainty degree of the assessment of technical provisions is associated to the "model risk", i.e. that the method of calculation, albeit appropriate, includes a deterministic method having predictive nature.
Since these are deterministic models, in order to have an indication of the extent of this uncertainty, a probabilistic range was constructed by applying the Mack formula to the payment triangle of the Segment 1-NL (MPTL) and the Segment 5-NL (GTPL), resulting in a placement at the 6.66th percentile and at 5.45th respectively.
A similar assessment was finally carried out on the complex of Segments 1-H; 2-H; 2-NL; 4-NL (which roughly complete the perimeter of risks whose solvency is assessed with the USP), resulting in a variability of 8.75%.

Life

The most significant uncertainty factors in setting the technical provisions include the accuracy of statistics on the trends of the insurance policies in portfolio both demographically and with respect to the behavior of the policyholders (tendency to surrender, annuity conversion etc.), the financial variables (i.e. the discounting rates of the future cash flows), and the possible interactions between the market trends and the behaviors of the policyholders.

D.2.4 Difference between Solvency II assessment and balance sheet assessment

Main bases, methods and assumptions used for the valuation for the purposes of individual balance sheet – Qualitative differences

Local GAAP reserves consist of:

Non-Life Business:

Items	Valuation
Premium reserves	The premium reserves consist of: - Pro-rata temporis reserves, determined by calculating, for each contract, based on recognized gross premiums net of direct acquisition costs, the part of relevant premium of the period after the end of the year. - Reserves for ongoing risks, calculated by estimating the amount of any risk surplus provided for on the insurance policies in portfolio compared to the reserve for part of premium with future premiums, net of acquisition expenses. - Integrative reserves established under the Italian regulations for some LoB or guarantees (suretyships, hail, natural disasters, nuclear hazards).
Claims reserves	The claims reserves represent the prudent valuation of compensations and settlement expenses estimated for claims occurred and not yet paid, wholly or partially, as of the date of the balance sheet date, based on all components forming the requirement for coverage of the claim's ultimate cost. "Ultimate cost" means the means the estimate of all foreseeable costs based on a prudent assessment of factual evidence (document examination) and forecasts (expected claims settlement time frame and related inflation rates).

Other non-life technical reserves	The other technical reserves include the ageing reserve for health insurance that, in setting premiums, do not take into account changes in the policyholder’s age and contain clauses that limit the Company’s ability to withdraw. The estimate is based on a comparison between estimated cash inflows (premiums) connected to contracts and estimated cash outflows (claims and expenses), by setting aside 10% of gross premiums written on these contracts.
Equalization reserves	The equalization reserves are amounts of reserves provided for by the regulations in order to offset the fluctuations of the claims rate in the future years or to cover particular risks, and is set aside for contract of the Credit segment and for risks of natural disasters.

Life Business:

Item	Valuation
Mathematical reserves	The life business technical reserves are calculated on the basis of the pure premiums and actuarial assumptions deemed to be appropriate as at the date when contracts were signed. Calculation of technical reserves is based on the rate of return determined on the basis of the related investments for respective ‘‘revaluable’’ benefits. The premiums-carried-forward component of mathematical reserves is calculated on a pure-premium basis. The mathematical reserve is never lower than surrender value.
Complementary insurance premium reserves	The premium reserve for complementary accident insurance is calculated analytically by applying the premiums-brought-forward criterion to the related pure premiums.
Profit participation and reversal reserves	Profit participation includes all amounts pertaining to the year, paid and to be paid to policyholders or other beneficiaries, including amounts used to increase technical reserves or reduce future premiums, as long as they constitute distribution of technical profits arising from non-life and life insurance activities, after deduction of amounts accrued in previous years’ that are no longer necessary. Reversals consist of the amounts that are partial rebates of premiums made on the basis of each contract’s performance.
Other technical reserves	The other reserves include the reserve for management expenses, calculated on loading for management expenses and on the other technical bases of the insurance pricing applied.
Reserves relating to contracts whose performance is connected with investment funds or and market units and resulting from the management of pension funds	The reserves relating to unit-linked contracts and pension funds were calculated based on the contractual obligations, both of the financial assets linked to these contracts and cover the commitments from Life Business insurance whose return is determined based on the investments for which the policyholder bears the risk or based on an unit.

Additional reserves for financial risk	Reserve for guaranteed interest rate risk: the assessment about the accrual of this reserve was made for segregated funds deemed significant and, starting from the determination of predictable returns for each of them, using ALM methodology. With regard to contracts with collateral not linked to segregated funds, the valuation was carried out by applying to the flows of liabilities a current and predictable yield calculated as a weighted average of the returns of the various segregated funds. Reserve for time mismatch: this reserve is set up when there is a temporal distance between the period in which the contractually recognized return has accrued and the time when this is effectively recognized to policyholders; this derives from contractual conditions that require the use of certified rates in periods prior to recognition.
Additional reserves other than reserves for financial risk	Reserve for demographic risk: the valuation of this amount was made by proceeding with the recalculation for each technical provisions contract using the IPS55 demographic base and considering the difference compared to the first-order technical reserves. The additional reserve for each contract was therefore calculated by applying to the annuity rates the coefficients of propensity to liquidate the contract in the form of an annuity and to the capital rates the conversion coefficients of capital into annuity. For the forms of life annuities in disbursement present in the portfolio on the date an additional reserve was assessed to adapt these mathematical reserves to the second-order demographic base.

Quantitative differences between valuation for Solvency purposes and balance sheet values

Non-life technical reserves

(€/000)

Item	Solvency II value	Statutory accounts value	Change
Technical provisions - non-life	**1,473,883**	**1,612,761**	**(138,878)**
Technical provisions - non-life (excluding health)	**1,423,671**	**1,531,891**	**(108,220)**
Technical provisions calculated as a whole	-	-	-
Best Estimate	1,358,031	1,531,891	(173,860)
Risk margin	65,640	-	65,640
Technical provisions - health (similar to non-life)	**50,212**	**80,870**	**(30,658)**
Technical provisions calculated as a whole	-	-	-
Best Estimate	45,782	80,870	(35,088)
Risk margin	4,430	-	4,430

The difference between the Solvency II valuation and the individual balance sheet values of non-life technical reserves is due to the different nature of valuations::
In particular:
- As for the premium component, the reserve, valued according to the Best Estimate, represents an estimate of the financial flows expected for the future years on existing contracts. This estimate is made by separately assessing claims and premiums expected on these contracts starting from the year after the valuation date. But the Local premium reserve is calculated starting from the linear rediscount of the premium portion of these contracts.
- As for the claim component, the Best Estimate valuation is without prudential rules that are considered in Local valuations.

Moreover, for both components the expected future flows are discounted using the Risk Free curve plus the Volatility Adjustment.

(€/000)

Technical provisions - non-life	Solvency II value	Statutory accounts value	Change
Premium reserve:pro-rata temporis basis and additional reserves		411,467	(96,906)
Premium best Estimate	314,561		
Claims reserve *		1,172,070	(82,818)
Claims best Estimate	1,089,252		
Other technical reserves (aging reserve)		409	(409)
Equalisation reserves		7,563	(7,563)
Risk Margin	70,070		70,070

(*) This item is shown net of accounting items:
Policyholders and third parties for amounts to be recovered, which at 31/12/18 amounted to 26,059 thousand euros;
Amounts to be recovered from outwards reinsurance claims, which at 31/12/18 amounted to Euro 4,807 thousand.

The Best Estimate of the Premium reserve is lower than 23.6% compared to balance sheet data; similar change in the Claim Reserve is -7.1%. The Risk Margin is 5% of the Best Estimate.

(€/000)

Item	Solvency II value	Statutory accounts value	Change
Technical provisions - life	1,353,643	1,346,116	7,527
Technical provisions - health (similar to life)	4,535	3,737	798
Best Estimate	3,632	3,737	(105)
Risk margin	903	-	903
Technical provisions — life (excluding health and index-linked and unit-linked)	1,288,515	1,273,722	14,793
Best Estimate	1,270,971	1,273,722	-2,751
Risk margin	17,544	-	17,544
Technical provisions — index-linked and unit-linked	60,593	68,657	(8,064)
Best Estimate	57,982	68,657	(10,675)
Risk margin	2,611	-	2,611

The difference between the Solvency II valuation and the balance sheet values of the technical reserves is mainly due to the methods of estimate, projection and discount of the expected financial flows, as further specified:

- Projection of revaluations of benefits of the revaluable policies based on the vector of “risk neutral” expected rates, that do not include the extra-return arising from holding financial instruments with expected returns that are higher than the risk-free curve, rather than being based on a vector of “real world” expected rates;

- Usage, in Solvency II, of technical bases of second level instead of first level (demographic tables, assumptions of behaviors of policyholders, costs of portfolio management etc.);

- Discounting of future benefits as calculated with Volatility Adjustment curve, significantly lower than the technical rates used for the related discounting for balance sheet purposes.

Within the valuation of Life technical reserves, the Company determined future returns based on existing portfolio as of the valuation date giving to assets of future acquisition, a profitability in line with the risk-free interest rate curve notified by EIOPA. No operations aimed at sharing theoretical risk market losses among Life policyholders have been assumed.

Using the Risk Free curve without the Volatility Adjustment, the values would be the following:

Life technical reserves:	1,381,182 thousand euro
Non-life technical reserves:	1,486,122 thousand euro
Net differed tax assets:	14,404 thousand euro

D.3 Other liabilities

(€/000)

Other Liabilities	Statutory accounts value	Reclassifications	Accounting policy differences	Solvency II value
Provisions other than technical provisions	20,018	-	-	20,018
Pension benefit obligations	2,830	-	4,020	6,850
Deposits from reinsurers	6,340	-	-	6,340
Deferred tax liabilities	6,059	-	77,110	83,169
Insurance & intermediaries payables	256,813	-	1,397	258,210
Reinsurance payables	32,896	-	-	32,896
Payables trade - not insurance and other liabilities	8,067	-	-	3,260
Non-insurance payables and other liabilities	92,357	-	-	92,357
Total Other liabilities	**425,380**	-	**82,527**	**503,100**

A. Reserves other than technical reserves

The item includes the funds for future risks and expenses set aside to cover expenses arising from potential actions to void in bankruptcy, penalties and ongoing legal actions, relating to normal business operations. The assessment is carried out in accordance with Article 75 of the Decree, and their value coincides with that of the individual financial statements.

B. Pension liabilities

The item refers to the amounts due to the employees, that consist of the Supplementary Pension at the nominal value in the balance sheet, and of the following items, valued with actuarial techniques for Solvency II purposes:

- Supplementary Pension
- Post-employment benefits
- Other long-term benefits

The main assumptions adopted for actuarial assessments were the following:

Demographic assumptions

- probability of death: assumptions determined by the General Accounting Office of Italy and identified as RG48, for males and females;
- probability of disability: separate assumptions by sex adopted by INPS (Italian social security institute) for projections in 2010;
- retiring age: for the generic active individual, the first opportunity as per the mandatory state national insurance conditions was assumed;
- probability of abandoning active work for causes other than death: annual frequency of 2.50%;
- probability of anticipation: 3.50% year after year.

Economic and financial assumptions

- Inflation:	1.50%
- Annual technical discount rate (for the purpose of calculating severance indemnity)	1.13%
- Annual technical discounting rate (for the purpose of calculating seniority and health services)	1.57%
- Annual rate of severance indemnity increase	2.63%

- Annual rate of growth of remuneration
  (for the purpose of calculating seniority services) 2.50%
- Annual rate of growth of the average reimbursement
  (for the purpose of calculating health services) 1.50%

Sensitivity analysis of some input has been carried out (discounting rate, inflation rate and turnover rate); from these analysis no significant changes have been reported.

C. Subordinated liabilities

This liability, specifically the subordinated loan issued by the Company, is valued at market value, through the current value of the risk-free interest rate curve, to which the credit spread of the Issuer present at the time of issue is added, thus excluding the price fluctuations attributable changes in the creditworthiness of the Issuer, as required by Article 75 of the decree.
For the purposes of the consolidated financial statements the liabilities issued by the Company, are valued at amortized cost using the effective interest method.

The subordinated loan issued by Vittoria Assicurazioni S.p.A. has the following characteristics:

Nominal Amount: €250,000,000

Issue date: 11 July 2018

Expiry date: 11 July 2028

Interest rate: 5.75% per year

Stock Exchange: Ireland (Euronext Dublin)

Coupon frequency: annual

Coupon subordination: payment of the coupons is suspended if it involves the failure to cover the Solvency Capital Requirement.

Subordination of capital: if it involves the failure to cover the Solvency Capital Requirement, the repayment of the capital is suspended unless specifically authorized by the Supervisory Authority; the authorization of the Supervisory Authority is in any case necessary for the repayment at maturity, also in the case of coverage of the Solvency Capital Requirement.

Options for early repayment: as well as the repurchase of the Loan by the Company, the early repayment must be authorized by the Supervisory Authority, and can take place following changes:

- of the tax legislation which, for example, make non-deductible the interest payable, or gross-up, or which place the debtor's withholding taxes originally owed by the bondholder;

- of the insurance legislation which, for example, excludes the Subordinated Loan from the eligible Own Means;

- rating assignment methods which, given the same real conditions, lead to a worsening of the characteristics of the Equity Credit (the extent to which a financial instrument can be assimilated to an ordinary share) originally attributed to the loan.

D. Payables

Payables (to insurers, to reinsurers, tax due, payables to employees, social security payables and trade payables) and the other liabilities (commissions to be paid on the bonus being collected and provisions for agency awards and balance of the liaison account between Life and Non-life business) are valued in compliance with 75 of the Decree, and their value coincides with the individual balance sheet value.

E. Deferred tax liabilities

The item refers to deferred tax liabilities detected in the balance sheet, supplemented with the differences arising from the Local GAAP values and Solvency II values. The method is the same outlined above, in relation to deferred tax assets.

F. Contingent and financial liabilities

There are no significant contingent liabilities or financial and operating leases. There are no potential liabilities, nor financial or operating leases.

D.4 Alternative methods for valuation

No alternative methods for valuation have been used in addition to what is outlined in the previous paragraphs.

D.5 Other information

There are no information to be reported.

E. Capital Management

E.1 Own funds

E1.1 Eligible own funds as at 31 December 2018

The following table sums up, separately for each level, the information on the structure, amount and quality of the own funds as at the end of the reference period.

Own funds Solvency II (€/000)

	31/12/18	31/12/17	Change	Tier SII
Ordinary share capital	67,379	67,379	-	Tier 1
Share premium	33,355	33,355	-	Tier 1
Reconciliation reserve before dividends	866,678	833,389	33,290	Tier 1
Net deferred tax assets	2,284	3,102	(818)	Tier 3
Solvency II excess of assets over liabilities	**969,697**	**937,225**	**32,472**	**n.a.**
Foreseeable dividends, distributions and charges	(19,415)	(18,866)	(549)	n.a.
Elimination of deferred tax assets	(2,284)	0	(2,284)	Tier 3
Inclusion of the eligible subordinated loan tranche	229,237	0	229,237	Tier 2
Solvency II eligible own funds to meet Solvency Capital Requirement	**1,177,234**	**918,359**	**258,875**	**n.a.**

As at 31 December 2018, the Share Capital totally paid up consists of no. 67,378,924 ordinary shares with a par value of Euro 1.00 each, authorized, issued and fully paid-in.

The share premium reserve refers to the excess of the issue price of the shares compared to their nominal value.

The composition of the reconciliation reserve is shown below:

Reconciliation reserve (€/000)

	31/12/18	31/12/17	Differences
Earnings reserves	691,344	610,603	80,741
Revaluation reserve	18,193	18,193	-
Net deferred tax assets	(2,284)	(3,102)	818
Solvency II evaluation differences	159,426	207,695	(48,269)
Reconciliation reserve before dividends	**866,678**	**833,389**	**33,289**

The Earnings-related reserve includes:

- Legal reserve of 12,848 thousand euro;
- Available reserve of 578,889 thousand euro;
- Year's earnings of 99,607 thousand euro.

The revaluation reserve of 18,193 thousand euro relates to the real-estate revaluations carried out in 2008, pursuant to Article 15 (20) of the Legislative Decree no. 185 of 29 November 2008, and in 2013 pursuant to the Law no. 147/2013;

The Own Funds that could be used to cover the capital requirement are made up of the difference between Assets and Liabilities recorded in the Balance Sheet, net of the dividends resolved and not yet distributed.

The table below shows the Tier breakdown of the Own Funds aimed at covering the Solvency Capital Requirement and the Minimum Capital Requirement, calculated by using the Volatility Adjustment curve:

Eligible own funds to meet S.C.R - Volatility Adjustment curve

(€/000)

	31/12/18	31/12/17	Change
Tier 1- unrestricted	947,997	915,257	32,740
Tier 2	229,237	0	229,237
Tier 3	-	3,102	(3,102)
Total eligible own funds to meet SCR	**1,177,234**	**918,359**	258,876
Tier 2 not eligible own funds to meet MCR	(187,974)	-	(187,974)
Tier 3 not eligible own funds to meet MCR	-	(3,102)	3,102
Total eligible own funds to meet MCR	**989,260**	**915,257**	74,003

Tier 2 elements consist of the Subordinated Loan issued by the Parent Company and the Company, the characteristics of which are described in paragraph "D.3 Other liabilities" in the item subordinated liabilities.

Tier 3 elements consist of the balance between deferred tax assets and deferred tax liabilities and at 31 December 2018 they are not permitted to hedge due to exceeding the limit imposed by the law, which provides that the sum of the Tier 2 and Tier 3 items will not can exceed 50% of the SCR.

The total amount admissible to cover the MCR is composed of Tier 1 elemets, and the portion of eligible Tier 2 elements (20% of the SCR), as required by law.

Reconciliation between Shareholders' Equity Local GAAP and Own funds Solvency II

Items referring to the difference between the Local GAAP Net Assets and Solvency II Own Funds, are as follows:

Difference between Shareholders' Equity Local GAAP and Own funds Solvency II			(€/000)
	31/12/18	31/12/17	Change
A) Shareholders' Equity Local GAAP	**810,271**	**729,530**	**80,741**
Reconciliation reserve:			
Unrealised capital gains on financial Investments and properties	133,822	225,787	(91,965)
Intangible assets valued at zero	(7,470)	(12,615)	5,145
Technical provisions non-life valued at a lower value	117,625	102,118	15,507
Technical provisions life valued at a higher value	(7,527)	(36,528)	29,001
Reinsurance recoverables valued at a lower value	(19,072)	(15,828)	(3,244)
Pension benefit obligations	(4,020)	(3,893)	(127)
Subordinated loan - Fair value adjustment	(1,397)	0	(1,397)
Tax effect	(52,535)	(51,346)	(1,189)
B) Total reconciliation reserve	**159,426**	**207,695**	(48,269)
C) Solvency II excess of assets over liabilities (A+B)	**969,697**	**937,225**	**32,472**
D) Foreseeable dividends, distributions and charges	(2,284)	0	(2,284)
E) Eligible tranche of subordinated loan (Tier 2)	229,237	0	229,237
F) Dividends declared or expected	(19,415)	(18,866)	(549)
Solvency II eligible own funds (C+D)	**1,177,234**	**918,359**	**258,875**

The change in local equity reflects the profit generated during the year, net of the distributed dividend.

The reconciliation reserve of 159,426 thousand euro, refers to the differences of valuations gross of the dividends deliberated or expected and includes the tax effect that arises from the recalculation of the deferred tax assets and liabilities carried out on the differences resulting from the local GAAP values and Solvency II values.

Reference is made to the chapter: “D. Valuation for solvency purposes”, which outlines the differences in the valuation between the standards adopted for the solvency valuation and those used for the balance sheet valuation, specifically for each class of assets or liabilities.

Significant chages over the reporting period

The following table shows the significant changes that occurred at each level in the period under review.

Significant changes over the reporting period		(€/000)
	Own funds Solvency II	Tier SII
Own funds at 31/12/2017	937,225	n.a.
Foreseeable dividends, distributions and charges	(18,866)	n.a.
Own funds net of dividends at 31/12/2017	**918,359**	**n.a.**
2018 Net profit	99,607	Tier 1
Change unrealised capital gains on financial Investments and properties	(91,965)	Tier 1
Change in intangible assets	5,145	Tier 1
Technical provisions non-life valued at a lower value	15,507	Tier 1
Technical provisions life valued at a higher value	29,001	Tier 1
Reinsurance recoverables valued at a lower value	(3,244)	Tier 1
Pension benefit obligations	(127)	Tier 1
Subordinated loan - Adjustment to fair value	(1,397)	Tier 2
Tax effect	-1,189	Tier 3
Own funds at 31/12/2017	969,697	n.a.
Foreseeable dividends, distributions and charges	(19,415)	n.a.
Elimination of deferred tax assets	(2,284)	Tier 3
Eligible portion of subordinated loan	229,237	Tier 2
Own funds net of dividends at 31/12/2017	**1,177,234**	**n.a.**
Change in Own Funds	**258,875**	**n.a.**

Change in unrealised capital gains on financial Investments and properties

The lower unrealised capital gains on financial and real estate investments (-91,965 thousand euro) reflect:

- the widening of the yield spreads between Italian government securities in the portfolio and European core area government securities;
- the decrease in unrealised capital gains on unlisted equity instruments (-€49,151 thousand), mainly due to the sale of the investment in Camfin S.p.A. (formerly Nuove Partecipazioni S.p.A.) which generated total income on the company's local financial statements of 38,649 thousand euro, gross of the tax effect and the collection of a dividend of 15,000 thousand euro distributed by Yam Invest N.V.

Change in Non-Life technical provisions

Overall, the difference between the Technical Reserves and the Local GAAP Reserves between 2017 and 2018 increased from 102,118 thousand euros to 117,625 thousand euros and consequently increased the benefit in the transition from the Local Gaap principles to the Solvency II principles; about one third of this improvement is attributable only to the change in the discount curve between the two periods observed: in fact, if the Solvency II reserves in December 2018 had been discounted with the curve in December 2017, a higher value of approximately 6,700 thousand euro would have been obtained.

- With regard to BE Premiums, the difference with respect to the December 2017 valuation (which is rather small on balance) is mainly due to the change observed in the technical trends of the underlying risks: in particular, there was a clear improvement in the loss ratio for Segment 4-NL and a limited deterioration in Segment 1-NL, which translates into a greater difference between the Local and SII valuations. In the Health Segments as a whole, on the other hand, there was a slight improvement in the loss ratio.

- With regard to BE claims, the change is attributable (for the part not explained by the different discount curve) to the normal variability of the valuation conducted through models, as well as to the margin of prudence incorporated in the long tail lines (in particular lob 8), which in BE valuations must not be fully included.

Change in Life technical reserves

Overall, the difference between the Technical Reserves and the Local GAAP Reserves between 2017 and 2018 decreased from 36,528 thousand euros to 7,527 thousand euros, thus reducing the burden in the transition from the Local Gaap to the Solvency II principles; almost half of this improvement is attributable only to the change in the discount curve between the two periods observed: in fact, if the Solvency II reserves of December 2018 had been discounted with the curve of December 2017, a higher value of approximately 14,200 thousand euro would have been obtained.

Another important component of the improvement is attributable to the decrease in the Best Estimate of Group Monoannual policies (190 and 191 products), for which the Model now projects premiums until the expiration of the respective five-year agreement, instead of stopping after the first year.

E1.2 Objectives pursued, policies and processes applied for managing the own funds and time horizon used for business planning

The Company manages the capital resources in order to ensure a higher available (current and forward-looking) capital, consistently with the economic capital requirements and to keep a Solvency II Ratio in line with the risk appetite, also on a forward-looking basis.

The Capital Management consists of activities and procedures aimed at:

- Complying with growth strategies for the internal lines through self-financing of the economic capital needs, consistently with the objectives established in the strategic plan and in the Risk Appetite Framework;
- Keeping an adequate financial solidity to ensure that current and forward-looking solvency requirements are in line with the risk appetite and with provisions under the strategic plan;
- Ensuring that the Own Fund elements meet on a continuous basis the applicable capital requirements and are properly classified;
- Ensuring that terms and conditions of each element of the Own Funds are clear and unmistakable;
- Keeping an adequate level of return on investments;
- Identifying and documenting the situations whereby the distributions of an element of the Own Funds may be reduced or cancelled;
- Ensuring that any policy or statement relating to the dividends due for the ordinary shares is taken into account in terms of capital position;
- Ruling the issuance of the elements of the Own Funds according to a Capital Management Plan, if there is the opportunity, albeit not provided for, to rely on the increase of the Own Funds.

As required by the provisions issued by IVASS through the letter to the market issued by IVASS of 15 April 2014, given that the capital management is particularly important in the guidelines established by EIOPA, the Company performs the activities outlined below in order to pursue the preset objectives within this Policy.

The Company defined the capital planning process, with the aim of achieving the objectives while keeping the ability to face adverse scenarios, by formalizing, in the capital management policy, methods and instruments, including monitoring and reporting.
The outcome of the capital planning process consists of the Capital Management Plan, formalized through specific information flow, including a reliable forecast of the available Own Funds and any new funds, based on the performance of the planned activity, on the future expected profits, the dividend policy and the measures of capital management provided for by the Senior Management.

<u>Verification and classification of the Own Funds</u>
The Company adopts assessment procedures aimed at ensuring that the elements of the Own Funds, both upon issuance and later, meet the regulatory requirements and that these are properly classified, in order to get a clear and mistakable definition of the Own Funds in terms of subordination, availability, duration, convertibility, constraints etc.

<u>Capital monitoring</u>
In making assessments of the risk profile on a forward-looking basis and its possible changes, the Company identifies the link between the risk profile and the overall solvency requirements, both in terms of quality and of quantity, and as a result detects any capital shortcomings in relation to the risk level that it aims to take in the medium-long period. In the Capital Management Plan, the capital resources are defined to support the development of the assets, by planning the quantity and the future composition of the Own Funds consistently with the strategic medium-long term approach.
Planning is performed with a three-year time horizon.
The Plan encompasses the forward-looking indicators relating to the Balance Sheet in order to outline the future trend of the available Own Funds net of any dividends provided for various years, and the future economic flows generated in relation to the activities that will be carried out and the risk objectives defined in the Risk Appetite Framework, by checking that limits and tolerance levels set also on a forward-looking basis are met.
The monitoring outcome of these metrics is formalized in the dedicated information flows of “Monitoring of the Risk Appetite indicators”.
For the preparation of the Capital Management Plan, the Company makes use of methods and tools that enable to project the capital requirement and the own funds in the future years, taken the strategic decisions implemented through the Business Plan data.
In the event that the future data showed a capital requirement that is not covered by the self-regulation, the Capital Management Plan would outline any operations of issuance of capital instruments (timing, amounts, types, requests).
The adequacy of the capital management plan is verified by significant changes in the risk profile, in line with the circumstances defined in the Risk Assessment Policy (current and forward-looking), such as extraordinary operations (i.e. acquisition/sale of a line of business, or a portfolio of contracts or entering new markets), substantial change of the types of risks insured, events in the economic/financial/real-estate market or macroeconomic scenarios that may have a significant impact on the level of current and/or forward-looking solvency requirements.
Within the capital monitoring process, the Company also performs activities of continuous monitoring aimed at checking that the composition of the Own Funds is continuously fulfilled. The Company checks the composition of the Own Funds on a three-month basis, according to quantitative information to be disclosed to the Supervisory Body (Quantitative Reporting Templates – QRT).
In particular, in order to comply with current rules and regulations, the Company performs monitoring activities in terms of level and quality of the Own Funds:

- Reconciliation between Solvency II data and Solvency I data, and analyses of change compared to the annual data and eventually previously quarterly data;

- Analysis of the composition of the reconciliation reserve, in terms of difference between the capital calculated with Solvency II criteria and the balance sheet capital, and analysis of related change compared to the annual data and eventually previously quarterly data;
- Comparison of the Balance Sheet with corresponding Solvency I values of the previous end of the year;
- Tiering of the Own Funds and verification of the adherence of the eligibility percentages defined by law.

These assessments are carried out on a quarterly basis and are reported to the Board Committees and the Board of Directors also as supplementary information for the purposes of the approval of the QRTs (Quantitative Report Templates).

Management and preservation of adequate capital levels

As outlined above, the Company manages its capital resources in order to ensure an available capital (current and forward-looking) that is higher than the economic capital requirement and enable to keep the Solvency II ratio in line with the risk appetite on a forward-looking basis and in any stress scenarios.

If, even after forward-looking assessments made, an inadequacy of the available capital funds is to be found, in relation to the limits of risk or the preset performance objectives, the Company shall review the Capital Management Plan and/or Business Plan so as to align the capitalization level to the expected needs.

In particular, if a solvency level that is not in line with the preset objectives is to be found, the Company identifies the risk areas/business units that are less efficient in terms of capital absorption and take any corrective actions such as the mitigation, through the reinsurance and the de-risking (asset allocation, product mix, selection of the counterparties with high credit standing) in order to optimize the capital absorbed.

The Company usually does not rely on Alternative Risk Transfer (Catastrophe Bonds, Risk Securitization, Derivatives, financial reinsurance) and securitization as corrective measures..

If the Company wants to take direct action on the capitalization level owned, it can avails itself of the following measures:

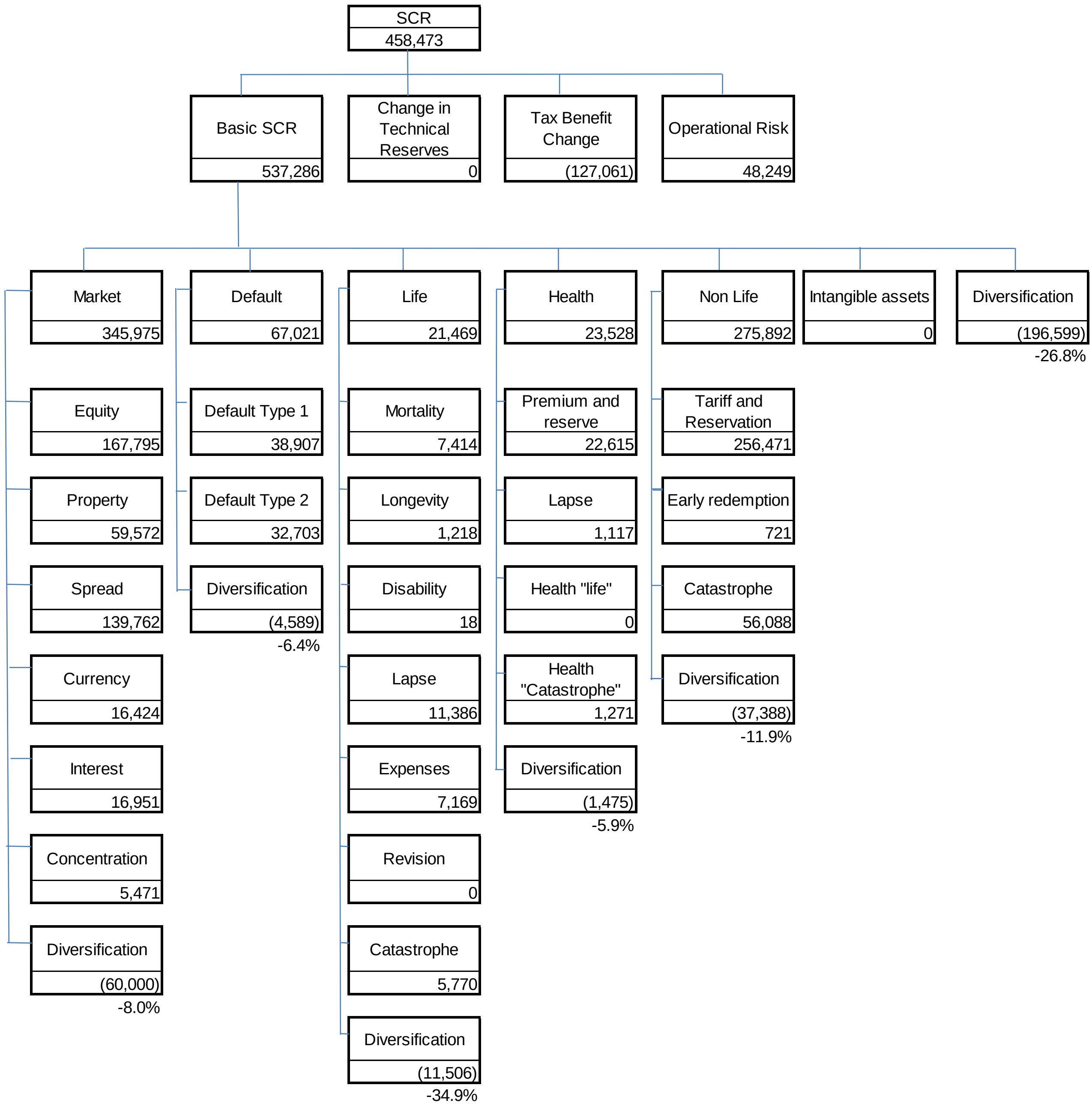
- Reduction or deletion of the distribution of dividends;
- Issuance of subordinated loans;
- Capital increases.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

As at 31.12.2018, the Solvency Capital Requirement (SCR) accounts for 458,473 thousand euro, while the Minimum Capital Requirement (MCR) accounts for 206,313 thousand euro.

Related composition is as follows:

S.C.R. 31.21.2018 - V.A. scenarios with USP **(€/000)**



The significant changes with respect to the previous year are described below:

- the increase in the Counterparty Default Risk module (+50.6%) is mainly due to the greater liquidity available at the end of the year;
- the increase in the Market Risk module (+9.0%) is due to the Company's propensity, as already noted in previous years, to invest, directly or through funds, in debt instruments and - to a lesser extent - in equity instruments;
- the increase in the Non-Life module (+7.0%) is in line with the overall growth of the portfolio.

The other significant modules did not result in significant changes and, with regard to the insurance portfolio, risk exposures mainly refer to the Non-Life and Health components.

As required by law, it should be noted that:

- there are no assessments of the SCT in place by the Supervisory Body;
- the Life SCR sub-modules, as well as the Premium and Reserve sub-modules of the Health and Non-life modules include, among the inputs, the calculation of the technical reserves, for which, some simplifications were used (as detailed in the QRTs S.12.01 and S.17.01)
- the Company uses the Undertaking-specific Parameters (USP) for the calculation of the Premium Risk and the Reserve Risk of the following segments:
  - MTPL insurance,
  - Motor other classes insurance,
  - GTPL insurance,
  - Income protection insurance and Fire and other damages insurance.
- the Supervisory Body has not required a Capital Add-On to the Company;
- inputs used for the MCR calculation, as provided for by the Standard Formula, consist of the preserved Technical Reserves, the gross Premiums recorded in the year’s accounts, retained Life risk capitals, considering that the MCR must anyway be between the floor, accounting for 25% of the SCR, and the cap, accounting for 45% of the SCR.

The impacts of the use of the Volatility Adjustment curve on the Own Funds and on Solvency Capital Requirement are outlined in the table below:

Impacts of using the Volatility Adjustment curve (€/000)

	31/12/2018	
	Volatility Adjustment	Risk free
Market Risk	345,975	348,394
Counterparty Default Risk	67,021	67,266
Life Underwriting Risk	21,469	19,659
Health underwriting Risk	23,528	23,697
Non-Life underwriting Risk	275,892	276,867
Sum of risk components	733,885	735,882
Diversification effects	(196,599)	(196,141)
Basic S.C.R.	537,286	539,741
Operational Risk	48,249	48,740
Tax adjustment	(127,061)	(125,346)
S.C.R.	458,473	463,134
Tier 1	947,997	908,673
Tier 2	229,237	231,567
Tier 3	0	0
Eligible own funds to meet Solvency Capital Requirement	1,177,234	1,140,240
SOLVENCY II RATIO	256.8%	246.2%

Details on the impact on equity are illustrated in the chapter: "D.2 Technical reserves".

E.3 Utilization of the equity risk submodule based on the duration of the calculation of the solvency capital requirement

Not applicable.

E.4 Differences between the standard formula and the internal model used

Not applicable.

E.5 Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirement

In the reference period, the minimum capital requirement and the solvency capital requirement of the Company have been widely covered by the Own Funds available.

E.6 Other information

There are no information to be reported.

Annexes: Quantitative reporting templates
(data in euro units)

Vittoria Assicurazioni S.p.A.
S.02.01.02 - Balance sheet

Attività		Value Solvibilità II
		C0010
Intangible assets	R0030	-
Deferred tax assets	R0040	85,453,429
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	125,964,065
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	3,219,337,381
Property (other than for own use)	R0080	118,329,948
Holdings in related undertakings, including participations	R0090	474,869,638
Equities	R0100	78,112,585
Equities - listed	R0110	9,038,182
Equities - unlisted	R0120	69,074,403
Bonds	R0130	2,032,219,921
Government Bonds	R0140	1,592,442,848
Corporate Bonds	R0150	436,625,568
Structured notes	R0160	3,151,505
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	512,805,289
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	3,000,000
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	68,401,407
Loans and mortgages	R0230	317,297,090
Loans on policies	R0240	512,399
Loans and mortgages to individuals	R0250	4,525,796
Other loans and mortgages	R0260	312,258,895
Reinsurance recoverables from:	R0270	41,362,908
Non-life and health similar to non-life	R0280	43,073,733
Non-life excluding health	R0290	42,609,617
Health similar to non-life	R0300	464,116
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-1,710,825
Health similar to life	R0320	-1,271,774
Life excluding health and index-linked and unit-linked	R0330	-439,051
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	164,157,388
Reinsurance receivables	R0370	1,777,908
Receivables (trade, not insurance)	R0380	62,659,822
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	194,092,790
Any other assets, not elsewhere shown	R0420	19,819,055
Total assets	R0500	4,300,323,243

S.02.01.02 - Balance sheet – continued

		Value Solvibilità II
Liabilities		C0010
Technical provisions – non-life	R0510	1,473,883,435
Technical provisions – non-life (excluding health)	R0520	1,423,670,600
TP calculated as a whole	R0530	-
Best Estimate	R0540	1,358,030,426
Risk margin	R0550	65,640,174
Technical provisions - health (similar to non-life)	R0560	50,212,835
TP calculated as a whole	R0570	-
Best Estimate	R0580	45,782,438
Risk margin	R0590	4,430,397
Technical provisions - life (excluding index-linked and unit-linked)	R0600	1,293,049,933
Technical provisions - health (similar to life)	R0610	4,535,787
TP calculated as a whole	R0620	-
Best Estimate	R0630	3,632,328
Risk margin	R0640	903,459
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	1,288,514,146
TP calculated as a whole	R0660	-
Best Estimate	R0670	1,270,970,583
Risk margin	R0680	17,543,563
Technical provisions – index-linked and unit-linked	R0690	60,592,764
TP calculated as a whole	R0700	-
Best Estimate	R0710	57,982,159
Risk margin	R0720	2,610,605
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	20,018,018
Pension benefit obligations	R0760	6,849,889
Deposits from reinsurers	R0770	6,339,559
Deferred tax liabilities	R0780	83,169,115
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	32,896,476
Reinsurance payables	R0830	3,259,680
Payables (trade, not insurance)	R0840	62,099,288
Subordinated liabilities	R0850	258,210,031
Subordinated liabilities not in basic own funds	R0860	-
Subordinated liabilities in basic own funds	R0870	258,210,031
Any other liabilities, not elsewhere shown	R0880	30,258,086
Total liabilities	R0900	3,330,626,274
Excess of assets over liabilities	R1000	969,696,969

Vittoria Assicurazioni S.p.A.

S.05.01.02 - Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for: accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	Total
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	R0110	17,904,897	90,122,674	-	708,862,014	130,049,904	3,939,909	115,835,111	68,582,563	3,801,471	6,112,178	27,930,639	22,650,772					1,195,792,132
Gross - Proportional reinsurance accept	R0120	293	523	-	18	-	178	1,862	93,803	-	-	18,486	-					115,163
Gross - Non-proportional reinsurance ac	R0130																	-
Reinsurers' share	R0140	108,382	614,163	-	1,244,169	4,041,359	155,357	20,704,871	766,073	2,463,683	4,373,593	11,294,656	105,800	-	-	-	-	45,872,106
Net	R0200	17,796,808	89,509,033	-	707,617,863	126,008,545	3,784,729	95,132,103	67,910,292	1,337,788	1,738,584	16,654,469	22,544,972	-	-	-	-	1,150,035,186
Premiums earned																		
Gross - Direct Business	R0210	17,516,191	90,276,841	-	699,802,280	128,414,774	3,975,271	113,411,293	65,719,447	6,082,168	5,983,745	27,695,820	29,989,069					1,188,866,899
Gross - Proportional reinsurance accept	R0220	293	523	-	18	-	178	1,862	95,289	7,156	-	17,989	-					123,308
Gross - Non-proportional reinsurance ac	R0230																	-
Reinsurers' share	R0240	105,360	597,039	-	1,244,095	4,042,684	154,335	20,547,864	805,722	2,967,196	4,315,478	11,144,142	78,799	-	-	-	-	46,002,714
Net	R0300	17,411,124	89,680,325	-	698,558,204	124,372,090	3,821,114	92,865,292	65,009,014	3,122,128	1,668,267	16,569,667	29,910,270	-	-	-	-	1,142,987,495
Claims incurred																		
Gross - Direct Business	R0310	8,576,858	28,103,804	-	535,386,633	67,261,544	2,840,322	64,930,040	29,268,849	5,980,604	585,934	8,991,636	327,814					752,254,038
Gross - Proportional reinsurance accept	R0320	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non-proportional reinsurance ac	R0330																	-
Reinsurers' share	R0340	78,071	442,401	-	-	2,258,074	-	15,215,057	13,670	2,452,739	281,492	11,368,571	19,618	-	-	-	-	32,129,693
Net	R0400	8,498,787	27,661,403	-	535,386,633	65,003,469	2,840,322	49,714,982	29,255,180	3,527,865	304,442	(2,376,935)	308,196	-	-	-	-	720,124,344
Changes in other technical provisions																		
Gross - Direct Business	R0410	-	-	-	-	390,135	5,240	245,909	-	-	-	-	-					641,284
Gross - Proportional reinsurance accept	R0420	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non- proportional reinsurance ac	R0430																	-
Reinsurers' share	R0440	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net	R0500	-	-	-	-	390,135	5,240	245,909	-	-	-	-	-	-	-	-	-	641,284
Expenses incurred	R0550	6,453,005	32,551,478	-	173,726,081	42,588,865	1,238,221	42,516,493	24,787,245	2,709,373	(718,633)	12,324,673	6,681,227	-	-	-	-	344,858,028
Other expenses	R1200																	8,876,181
Total expenses	R1300																	353,734,208

Vittoria Assicurazioni S.p.A.
S.05.01.02 - Premiums, claims and expenses by line of business – continued

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life-reinsurance	Total
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410	1,078,596	190,092,679	24,378,227	12,703,595	-	-	-	-	228,253,097
Reinsurers' share	R1420	751,850	0	0	573,036	-	-	-	-	1,324,886
Net	R1500	326,746	190,092,679	24,378,227	12,130,558	-	-	-	-	226,928,210
Premiums earned										
Gross	R1510	-	-	-	-	-	-	-	-	-
Reinsurers' share	R1520	-	-	-	-	-	-	-	-	-
Net	R1600	-	-	-	-	-	-	-	-	-
Claims incurred										
Gross	R1610	58,033	86,410,370	27,455,232	7,651,891	-	-	-	(2,868)	121,572,658
Reinsurers' share	R1620	(18,568)	(8,000)	0	(415,849)	-	-	-	-	(442,417)
Net	R1700	76,601	86,418,370	27,455,232	8,067,740	-	-	-	(2,868)	122,015,075
Variazioni delle altre riserve tecniche										
Lordo	R1710	-	-	-	-	-	-	-	-	-
Quota a carico dei riassicuratori	R1720	-	-	-	-	-	-	-	-	-
Netto	R1800	-	-	-	-	-	-	-	-	-
Spese sostenute	R1900	(171,122)	15,256,958	942,270	635,204	-	-	-	-	16,663,310
Altre spese	R2500									(380,787)
Totale spese	R2600									16,282,525

Vittoria Assicurazioni S.p.A.
S.05.02.01 Premiums, claims and expenses by country

		Paese di origine	Totale 5 primi paesi e paese di origine - Obbligazioni non vita
		C0010	C0070
	R0010		
		C0080	C0140
Premiums written			
Gross - Direct Business	R0110	1,195,792,130	1,195,792,130
Gross - Proportional reinsurance accepted	R0120	115,163	115,163
Gross - Non-proportional reinsurance accepted	R0130	-	-
Reinsurers' share	R0140	45,872,106	45,872,106
Net	R0200	1,150,035,187	1,150,035,187
Premiums earned			
Gross - Direct Business	R0210	1,188,866,900	1,188,866,900
Gross - Proportional reinsurance accepted	R0220	123,308	123,308
Gross - Non-proportional reinsurance accepted	R0230	-	-
Reinsurers' share	R0240	46,002,714	46,002,714
Net	R0300	1,142,987,493	1,142,987,493
Claims incurred			
Gross - Direct Business	R0310	752,254,036	752,254,036
Gross - Proportional reinsurance accepted	R0320	-	-
Gross - Non-proportional reinsurance accepted	R0330	-	-
Reinsurers' share	R0340	32,129,693	32,129,693
Net	R0400	720,124,343	720,124,343
Changes in other technical provisions			
Gross - Direct Business	R0410	641,283	641,283
Gross - Proportional reinsurance accepted	R0420	-	-
Gross - Non- proportional reinsurance accepted	R0430	-	-
Reinsurers' share	R0440	-	-
Net	R0500	641,283	641,283
Expenses incurred	R0550	344,858,027	344,858,027
Other expenses	R1200		8,876,181
Total expenses	R1300		353,734,208

		Paese di origine	Totale 5 primi paesi e paese di origine - Obbligazioni vita
			C0210
	R1400		
			C0280
Premiums written			
Gross	R1410	228,253,097	228,253,097
Reinsurers' share	R1420	1,324,886	1,324,886
Net	R1500	226,928,210	226,928,210
Premiums earned			
Gross	R1510	-	-
Reinsurers' share	R1520	-	-
Net	R1600	-	-
Claims incurred			
Gross	R1610	121,572,658	121,572,658
Reinsurers' share	R1620	(442,416)	(442,416)
Net	R1700	122,015,075	122,015,075
Changes in other technical provisions			
Gross	R1710	-	-
Reinsurers' share	R1720	-	-
Net	R1800	-	-
Expenses incurred	R1900	16,663,312	16,663,312
Other expenses	R2500		(380,787)
Total expenses	R2600		16,282,525

Vittoria Assicurazioni S.p.A.

S.12.01.02 Life and Health SLT Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	**Total (Life other than health insurance, incl. Unit-Linked)**	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	**Total (Health similar to life insurance)**
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**	**C0160**	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0010**	-	-			-			-	-	-	-			-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	**R0020**	-	-			-			-	-	-	-			-	-	-
Technical provisions calculated as a sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	**R0030**	1,258,316,265		-	57,982,159		-	12,654,316	-	-	1,328,952,740		-	3,632,328	-	-	3,632,328
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	19,669		-	-		-	(458,720)	-	-	(439,051)		-	(1,271,774)	-	-	(1,271,774)
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	1,258,296,596		-	57,982,159		-	13,113,036	-	-	1,329,391,791		-	4,904,102	-	-	4,904,102
Risk Margin	**R0100**	9,865,419	2,610,605			7,678,143					20,154,168	903,459					903,459
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	**R0110**	-	-			-			-	-	-	-			-	-	-
Best estimate	**R0120**	-		-	-		-	-	-	-	-		-	-	-	-	-
Risk margin	**R0130**	-	-			-			-	-	-				-	-	-
Technical provisions - total	**R0200**	1,268,181,684	60,592,764			20,332,459			-	-	1,349,106,908	4,535,787			-	-	4,535,787

Vittoria Assicurazioni S.p.A.
S.17.01.02 Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	**R0010**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0050**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	**R0060**	1,538,472	7,883,989	-	218,303,764	30,372,873	1,320,799	35,239,345	12,146,719	4,720,033	(368,460)	4,150,817	(746,999)	-	-	-	-	314,561,352
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0140**	(303)	(3,385)	-	68	2,171	130	2,084,334	215,284	1,855,323	(60,368)	1,928,327	(5,890)	-	-	-	-	6,015,691
Net Best Estimate of Premium Provisions	**R0150**	1,538,775	7,887,374	-	218,303,697	30,370,703	1,320,669	33,155,010	11,931,436	2,864,710	(308,092)	2,222,490	(741,108)	-	-	-	-	308,545,663
Claims provisions																		
Gross	**R0160**	4,318,226	32,041,751	-	828,210,345	21,646,177	6,478,526	32,828,179	120,631,549	36,144,976	1,521,832	3,572,156	1,857,794	-	-	-	-	1,089,251,511
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0240**	89,752	378,052	-	214,633	1,938,626	2,629,784	4,977,533	2,745,006	19,362,479	1,600,793	3,111,417	9,963	-	-	-	-	37,058,038
Net Best Estimate of Claims Provisions	**R0250**	4,228,474	31,663,699	-	827,995,712	19,707,552	3,848,742	27,850,646	117,886,542	16,782,496	(78,960)	460,739	1,847,831	-	-	-	-	1,052,193,472
Total Best estimate - gross	**R0260**	5,856,698	39,925,740	-	1,046,514,110	52,019,051	7,799,325	68,067,523	132,778,268	40,865,009	1,153,372	7,722,974	1,110,795	-	-	-	-	1,403,812,864
Total Best estimate - net	**R0270**	5,767,248	39,551,073	-	1,046,299,409	50,078,255	5,169,410	61,005,656	129,817,978	19,647,207	(387,053)	2,683,229	1,106,723	-	-	-	-	1,360,739,135
Risk margin	**R0280**	702,379	3,728,018	-	37,729,414	4,552,586	540,395	11,189,687	6,132,269	2,093,796	66,519	874,411	2,461,096	-	-	-	-	70,070,571
Amount of the transitional on Technical Provisions																		
Technical Provisions calculated as a whole	**R0290**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Best estimate	**R0300**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk margin	**R0310**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical provisions - total																		
Technical provisions - total	**R0320**	6,559,077	43,653,758	-	1,084,243,524	56,571,637	8,339,719	79,257,210	138,910,537	42,958,805	1,219,891	8,597,385	3,571,891	-	-	-	-	1,473,883,435
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	**R0330**	89,449	374,667	-	214,701	1,940,796	2,629,914	7,061,867	2,960,290	21,217,802	1,540,425	5,039,745	4,073	-	-	-	-	43,073,729
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	**R0340**	6,469,628	43,279,091	-	1,084,028,823	54,630,841	5,709,805	72,195,343	135,950,247	21,741,003	(320,533)	3,557,640	3,567,818	-	-	-	-	1,430,809,705

Vittoria Assicurazioni S.p.A.
S.19.01.21 Non-life insurance claims

Non-life insurance claims

Accident year / Underwriting year	Z0010	1

Gross Claims Paid (non-cumulative)
(absolute amount)

Development year

	Year	0	1	2	3	4	5	6	7	8	9	10 & +		In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
Prior	R0100											2,306,578	R0100	2,306,578	336,483,066
N-9	R0160	169,520,246	104,288,767	32,969,430	18,753,919	12,264,129	17,589,866	9,808,408	4,782,648	2,265,827	3,889,915		R0160	3,889,915	376,133,152
N-8	R0170	184,597,243	123,112,408	36,956,826	13,134,893	9,721,169	7,634,766	8,283,979	9,151,910	4,810,587			R0170	4,810,587	397,403,782
N-7	R0180	200,623,718	131,026,419	39,415,972	24,104,767	15,688,187	11,797,657	10,008,493	8,181,910				R0180	8,181,910	440,847,123
N-6	R0190	206,259,806	131,118,084	45,692,648	23,657,441	17,215,210	14,875,978	11,499,436					R0190	11,499,436	450,318,598
N-5	R0200	227,364,959	144,050,074	49,430,137	21,590,794	14,538,853	15,659,274						R0200	15,659,274	472,634,086
N-4	R0210	243,875,663	155,042,319	47,596,407	15,904,136	11,141,459							R0210	11,141,459	473,559,979
N-3	R0220	271,466,291	165,800,329	53,910,900	30,587,287								R0220	30,587,287	521,764,803
N-2	R0230	286,399,686	184,953,482	52,522,984									R0230	52,522,984	523,876,154
N-1	R0240	341,394,474	198,748,232										R0240	198,748,232	540,142,707
N	R0250	353,088,446											R0250	353,088,446	353,088,446
												Total	R0260	692,436,107	4,886,251,901

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Development year

	Anno	0	1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
Prior	R0100											8,409,968	R0100	8,270,595
N-9	R0160	-	-	-	-	-	-	-	26,614,683	25,516,170	13,903,161		R0160	13,693,325
N-8	R0170	-	-	-	-	-	-	26,784,271	18,832,313	15,635,431			R0170	15,395,441
N-7	R0180	-	-	-	-	-	52,442,762	37,791,019	28,027,090				R0180	27,522,324
N-6	R0190	-	-	-	-	70,643,247	51,767,097	38,047,484					R0190	37,304,521
N-5	R0200	-	-	-	98,040,149	79,521,732	50,622,678						R0200	49,586,277
N-4	R0210	-	-	121,849,791	90,599,787	70,092,306							R0210	68,620,877
N-3	R0220	-	193,452,686	135,195,450	102,879,128								R0220	100,643,755
N-2	R0230	380,259,379	176,816,187	128,481,531									R0230	125,345,424
N-1	R0240	413,815,973	191,155,382										R0240	186,621,729
N	R0250	438,272,410											R0250	431,117,513
												Total	R0260	1,090,037,939

Vittoria Assicurazioni S.p.A.

S.22.01.21 Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	**C0030**	**C0050**	**C0070**	**C0090**
Technical provisions	**R0010**	2,827,526,132			(39,777,996)	
Basic own funds	**R0020**	1,208,491,761			27,204,948	
Eligible own funds to meet Solvency Capital Requirement	**R0050**	1,177,234,088			36,994,493	
Solvency Capital Requirement	**R0090**	458,473,344			(4,660,764)	
Eligible own funds to meet Minimum Capital Requirement	**R0100**	989,260,017			38,905,407	
Minimum Capital Requirement	**R0110**	206,313,005			(2,097,344)	

S.23.01.01 Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	67,378,924	67,378,924			
Share premium account related to ordinary share capital	R0030	33,355,418	33,355,418			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070		-			
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	847,263,074	847,263,074			
Subordinated liabilities	R0140	258,210,031			258,210,031	
An amount equal to the value of net deferred tax assets	R0160	2,284,314				2,284,314
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	1,208,491,761	947,997,416		258,210,031	2,284,314
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					

Vittoria Assicurazioni S.p.A.
S.23.01.01 Own funds – continued

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	1,208,491,761	947,997,416	0	258,210,031	2,284,314
Total available own funds to meet the MCR	R0510	1,206,207,447	947,997,416	0	258,210,031	
Total eligible own funds to meet the SCR	R0540	1,177,234,088	947,997,416	0	229,236,672	0
Total eligible own funds to meet the MCR	R0550	989,260,017	947,997,416	0	41,262,601	
SCR	R0580	458,473,344				
MCR	R0600	206,313,005				
Ratio of Eligible own funds to SCR	R0620	256.77%				
Ratio of Eligible own funds to MCR	R0640	479.49%				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	969,696,969
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	19,415,239
Other basic own fund items	R0730	103,018,656
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	847,263,074
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	22,051,373
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	21,048,466
Total Expected profits included in future premiums (EPIFP)	R0790	43,099,839

Vittoria Assicurazioni S.p.A.
S.25.01.21 Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	Undertaking Specific Parameters (USP)	Simplifications
		C0110	C0090	C0100
Market risk	R0010	345,975,173		
Counterparty default risk	R0020	67,020,865		
Life underwriting risk	R0030	21,469,265	-	-
Health underwriting risk	R0040	23,528,195	-	-
Non-life underwriting risk	R0050	275,891,511	-	-
Diversification	R0060	(196,599,449)		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	537,285,560		

		C0100
Calculation of Solvency Capital Requirement		
Operational risk	R0130	48,248,724
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	(127,060,940)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency Capital Requirement excluding capital add-on	R0200	458,473,344
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	458,473,344
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	-
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	-
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	-
Diversification effects due to RFF nSCR aggregation for article 304	R0440	-

Vittoria Assicurazioni S.p.A.

S.28.02.01 Minimum Capital Requirement - Both life and non-life insurance activity

		Non-life activities	Life activities
		MCR(NL,NL) Result	MCR(NL,L)Result
		C0010	C0020
Linear formula component for non-life insurance and reinsurance obligations	R0010	227,367,618	-

		Non-life activities		Life activities	
		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	C0040	C0050	C0060
Medical expense insurance and proportional reinsurance	R0020	5,767,248	17,782,000	-	-
Income protection insurance and proportional reinsurance	R0030	39,551,073	89,523,842	-	-
Workers' compensation insurance and proportional reinsurance	R0040	-	-	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	1,046,299,409	707,617,863	-	-
Other motor insurance and proportional reinsurance	R0060	50,078,255	126,008,545	-	-
Marine, aviation and transport insurance and proportional reinsurance	R0070	5,169,410	3,784,729	-	-
Fire and other damage to property insurance and proportional reinsurance	R0080	61,005,656	95,132,365	-	-
General liability insurance and proportional reinsurance	R0090	129,817,978	67,910,296	-	-
Credit and suretyship insurance and proportional reinsurance	R0100	19,647,207	1,527,823	-	-
Legal expenses insurance and proportional reinsurance	R0110	-	1,738,584	-	-
Assistance and proportional reinsurance	R0120	2,683,229	16,654,468	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	1,106,723	22,354,670	-	-
Non-proportional health reinsurance	R0140	-	-	-	-
Non-proportional casualty reinsurance	R0150	-	-	-	-
Non-proportional marine, aviation and transport reinsurance	R0160	-	-	-	-
Non-proportional property reinsurance	R0170	-	-	-	-

		Non-life activities	Life activities
		MCR(L,NL) Result	MCR(L,L) Result
		C0070	C0080
Linear formula component for life insurance and reinsurance obligations	R0200	-	48,541,662

		Non-life activities		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/ SPV) total capital at risk	Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/ SPV) total capital at risk
		C0090	C0100	C0110	C0120
Obligations with profit participation — guaranteed benefits	R0210	-		1,231,082,306	
Obligations with profit participation — future discretionary benefits	R0220	-		27,214,290	
Index-linked and unit-linked insurance obligations	R0230	-		57,982,159	
Other life (re)insurance and health (re)insurance obligations	R0240	-		18,017,138	
Total capital at risk for all life (re)insurance obligations	R0250		-		5,175,035,027

Overall MCR calculation

		C0130
Linear MCR	R0300	275,909,280
SCR	R0310	458,473,344
MCR cap	R0320	206,313,005
MCR floor	R0330	114,618,336
Combined MCR	R0340	206,313,005
Absolute floor of the MCR	R0350	7,400,000

		C0130
Minimum Capital Requirement	R0400	206,313,005

Notional non-life and life MCR calculation

		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	R0500	227,367,618	48,541,662
Notional SCR excluding add-on (annual or latest calculation)	R0510	377,812,563	80,660,781
Notional MCR cap	R0520	170,015,654	36,297,351
Notional MCR floor	R0530	94,453,141	20,165,195
Notional Combined MCR	R0540	170,015,654	36,297,351
Absolute floor of the notional MCR	R0550	3,700,000	3,700,000
Notional MCR	R0560	170,015,654	36,297,351

Report of Independent auditors

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**RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE
AI SENSI DELL'ART. 47-SEPTIES, COMMA 7 DEL D. LGS. 7.9.2005, N. 209 E
DELL'ART. 4, COMMA 1, LETTERE A E B, DEL REGOLAMENTO IVASS N. 42 DEL 2 AGOSTO 2018**

**Al Consiglio di Amministrazione di
Vittoria Assicurazioni S.p.A.**

Giudizio

Abbiamo svolto la revisione contabile dei seguenti elementi della Relazione sulla Solvibilità e sulla Condizione Finanziaria (la "SFCR") di Vittoria Assicurazioni S.p.A. (nel seguito anche la "Società") per l'esercizio chiuso al 31 dicembre 2018, predisposta ai sensi dell'articolo 47-septies del D. Lgs. 7 settembre 2005, n. 209:

- modelli "S.02.01.02 Stato Patrimoniale" e "S.23.01.01 Fondi propri" (i "modelli");
- sezioni "D. Valutazione a fini di solvibilità" e "E.1. Fondi propri" (l'"informativa").

Le nostre attività non hanno riguardato:

- le componenti delle riserve tecniche relative al margine di rischio (voci R0550, R0590, R0640, R0680 e R0720) del modello "S.02.01.02 Stato Patrimoniale";
- il Requisito patrimoniale di solvibilità (voce R0580) e il Requisito patrimoniale minimo (voce R0600) del modello "S.23.01.01 Fondi propri",

che pertanto sono esclusi dal nostro giudizio.

I modelli e l'informativa, con le esclusioni sopra riportate, costituiscono nel loro insieme "i modelli di MVBS e OF e la relativa informativa".

A nostro giudizio, i modelli di MVBS e OF e la relativa informativa inclusi nella SFCR di Vittoria Assicurazioni S.p.A. per l'esercizio chiuso al 31 dicembre 2018, sono stati redatti, in tutti gli aspetti significativi, in conformità alle disposizioni dell'Unione Europea direttamente applicabili e alla normativa nazionale di settore.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISAs). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile dei modelli di MVBS e OF e della relativa informativa* della presente relazione.

Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza del Code of Ethics for Professional Accountants (IESBA Code) emesso dall'International Ethics Standards Board for Accountants applicabili alla revisione contabile dei modelli e della relativa informativa. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Richiamo di informativa - Criteri di redazione, finalità e limitazione all'utilizzo

Richiamiamo l'attenzione alla sezione "D. Valutazione a fini di solvibilità" che descrive i criteri di redazione. I modelli di MVBS e OF e la relativa informativa sono stati redatti, per le finalità di vigilanza sulla solvibilità, in conformità alle disposizioni dell'Unione Europea direttamente applicabili e alla normativa nazionale di settore, che costituisce un quadro normativo con scopi specifici. Di conseguenza possono non essere adatti per altri scopi. Il nostro giudizio non è espresso con rilievi con riferimento a tale aspetto.

Altri aspetti

La Società ha redatto il bilancio d'esercizio al 31 dicembre 2018 in conformità alle norme italiane che ne disciplinano i criteri di redazione, che è stato da noi assoggettato a revisione contabile a seguito della quale abbiamo emesso la nostra relazione di revisione datata 12 aprile 2019.

La Società ha redatto i modelli "S.25.01.21 Requisito patrimoniale di solvibilità per le imprese che utilizzano la formula standard " e "S.28.02.01 Requisito patrimoniale minimo (MCR) - Sia attività di assicurazione vita che attività di assicurazione non vita" e la relativa informativa presentata nella sezione "E.2. Requisito patrimoniale di solvibilità e requisito patrimoniale minimo" dell'allegata SFCR in conformità alle disposizioni dell'Unione Europea direttamente applicabili, alla normativa nazionale di settore e ai parametri specifici dell'impresa, che sono stati da noi assoggettati a revisione contabile limitata, secondo quanto previsto dall'art. 4 comma 1 lett. c) del Regolamento IVASS n. 42 del 2 agosto 2018, a seguito della quale abbiamo emesso in data odierna una relazione di revisione limitata allegata alla SFCR.

Altre informazioni contenute nella SFCR

Gli Amministratori sono responsabili per la redazione delle altre informazioni contenute nella SFCR in conformità alle norme che ne disciplinano i criteri di redazione.

Le altre informazioni della SFCR sono costituite da:

- i modelli "S.05.01.02 Premi, sinistri e spese per area di attività", "S.05.02.01 Premi, sinistri e spese per paese", "S.12.01.02 Riserve tecniche per l'assicurazione vita e l'assicurazione malattia SLT", "S.17.01.02 Riserve tecniche per l'assicurazione non vita", "S.19.01.21 Sinistri nell'assicurazione non vita", "S.22.01.21 Impatto delle misure di garanzia a lungo termine e delle misure transitorie", "S.25.01.21 Requisito patrimoniale di solvibilità per le imprese che utilizzano la formula standard" e "S.28.02.01 Requisito patrimoniale minimo (MCR) - Sia attività di assicurazione vita che attività di assicurazione non vita";

- le sezioni "A. Attività e risultati", "B. Sistema di governance", "C. Profilo di rischio", "E.2. Requisito patrimoniale di solvibilità e requisito patrimoniale minimo", "E.3. Utilizzo del sottomodulo del rischio azionario basato sulla durata nel calcolo del requisito patrimoniale di solvibilità", "E.4. Differenze tra la formula standard e il modello interno utilizzato", "E.5. Inosservanza del Requisito patrimoniale minimo e inosservanza del requisito patrimoniale di solvibilità" e "E.6. Altre informazioni".

Il nostro giudizio sui modelli di MVBS e OF e sulla relativa informativa non si estende a tali altre informazioni.

Con riferimento alla revisione contabile dei modelli di MVBS e OF e della relativa informativa, la nostra responsabilità è svolgere una lettura critica delle altre informazioni e, nel fare ciò, considerare se le medesime siano significativamente incoerenti con i modelli di MVBS e OF e la relativa informativa o con le nostre conoscenze acquisite durante la revisione o comunque possano essere significativamente errate. Laddove identifichiamo possibili incoerenze o errori significativi, siamo tenuti a determinare se vi sia un errore significativo nei modelli di MVBS e OF e nella relativa informativa o nelle altre informazioni. Se, in base al lavoro svolto, concludiamo che esista un errore significativo, siamo tenuti a segnalare tale circostanza. A questo riguardo, non abbiamo nulla da riportare.

Responsabilità degli Amministratori e del Collegio Sindacale per i modelli di MVBS e OF e la relativa informativa

Gli Amministratori sono responsabili per la redazione dei modelli di MVBS e OF e della relativa informativa in conformità alle norme che ne disciplinano i criteri di redazione e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione dei modelli di MVBS e OF e la relativa informativa che non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione dei modelli di MVBS e OF e della relativa informativa, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione dei modelli di MVBS e OF e della relativa informativa a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile dei modelli di MVBS e OF e della relativa informativa

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che i modelli di MVBS e OF e la relativa informativa, nel loro complesso, non contengano errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISAs) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base dei modelli di MVBS e OF e della relativa informativa.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISAs), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- Abbiamo identificato e valutato i rischi di errori significativi nei modelli di MVBS e OF e nella relativa informativa, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno.

- Abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile dei modelli di MVBS e OF e della relativa informativa allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società.

- Abbiamo valutato l'appropriatezza dei criteri di redazione utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori e della relativa informativa.

- Siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento.

Abbiamo comunicato ai responsabili delle attività di *governance*, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

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RELAZIONE DI REVISIONE CONTABILE LIMITATA DELLA SOCIETÀ DI REVISIONE INDIPENDENTE AI SENSI DELL'ART. 47-SEPTIES, COMMA 7 DEL D. LGS. 7.9.2005, N. 209 E DELL'ART. 4, COMMA 1, LETTERA C, DEL REGOLAMENTO IVASS N. 42 DEL 2 AGOSTO 2018

Al Consiglio di Amministrazione di
Vittoria Assicurazioni S.p.A.

Introduzione

Abbiamo svolto la revisione contabile limitata degli allegati modelli "S.25.01.21 Requisito patrimoniale di solvibilità per le imprese che utilizzano la formula standard" e "S.28.02.01 Requisito patrimoniale minimo - Sia attività di assicurazione vita che attività di assicurazione non vita" (i "modelli di SCR e MCR") e dell'informativa presentata nella sezione "E.2. Requisito patrimoniale di solvibilità e requisito patrimoniale minimo" (l'"informativa" o la "relativa informativa") dell'allegata Relazione sulla Solvibilità e sulla Condizione Finanziaria ("SFCR") di Vittoria Assicurazioni S.p.A. per l'esercizio chiuso al 31 dicembre 2018, predisposta ai sensi dell'articolo 47-septies del D. Lgs. 7 settembre 2005, n. 209.

I modelli di SCR e MCR e la relativa informativa sono stati redatti dagli Amministratori sulla base delle disposizioni dell'Unione Europea direttamente applicabili, della normativa nazionale di settore e dei parametri specifici dell'impresa così come descritto nell'informativa della SFCR e come approvato da parte di IVASS.

Responsabilità degli Amministratori

Gli Amministratori sono responsabili per la redazione dei modelli di SCR e MCR e della relativa informativa in conformità alle disposizioni dell'Unione Europea direttamente applicabili, alla normativa nazionale di settore e ai parametri specifici dell'impresa così come descritto nell'informativa della SFCR e come approvato da parte di IVASS e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione dei modelli di SCR e MCR e della relativa informativa che non contengano errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali.

Responsabilità del revisore

È nostra la responsabilità di esprimere una conclusione sui modelli di SCR e MCR e sulla relativa informativa. Abbiamo svolto la revisione contabile limitata in conformità al principio internazionale sugli incarichi di revisione limitata *ISRE n. 2400 (Revised), Incarichi per la revisione contabile limitata dell'informativa finanziaria storica*. Il principio *ISRE 2400 (Revised)* ci richiede di giungere a una conclusione sul fatto se siano pervenuti alla nostra attenzione elementi che ci facciano ritenere che i modelli di SCR e MCR e la relativa informativa non siano redatti, in tutti gli aspetti significativi, in conformità alle disposizioni dell'Unione Europea direttamente applicabili, alla normativa nazionale di settore e ai parametri specifici dell'impresa così come descritto nell'informativa della SFCR e come approvato da parte di IVASS. Tale principio ci richiede altresì di conformarci ai principi etici applicabili.

La revisione contabile limitata dei modelli di SCR e MCR e della relativa informativa conforme al principio *ISRE 2400 (Revised)* è un incarico di assurance limitata. Il revisore svolge procedure che consistono principalmente nell'effettuare indagini presso la direzione e altri soggetti nell'ambito dell'impresa, come appropriato, e procedure di analisi comparativa, e valuta le evidenze acquisite.

Le procedure svolte in una revisione contabile limitata sono sostanzialmente minori rispetto a quelle svolte in una revisione contabile completa conforme ai principi di revisione internazionali (ISA). Pertanto non esprimiamo un giudizio di revisione sui modelli di SCR e MCR e sulla relativa informativa.

Conclusione

Sulla base della revisione contabile limitata, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che gli allegati modelli di SCR e MCR e la relativa informativa inclusi nella SFCR di Vittoria Assicurazioni S.p.A. per l'esercizio chiuso al 31 dicembre 2018, non siano stati redatti, in tutti gli aspetti significativi, in conformità alle disposizioni dell'Unione Europea direttamente applicabili, alla normativa nazionale di settore e ai parametri specifici dell'impresa così come descritto dell'informativa della SFCR e come approvato da parte di IVASS.

Criteri di redazione, finalità e limitazione all'utilizzo

Senza esprimere la nostra conclusione con modifica, richiamiamo l'attenzione alla sezione "E2. Requisito patrimoniale di solvibilità e requisito patrimoniale minimo" della SFCR che descrive i criteri di redazione dei modelli di SCR e MCR. I modelli di SCR e MCR e la relativa informativa sono stati redatti, per le finalità di vigilanza sulla solvibilità, in conformità alle disposizioni dell'Unione Europea direttamente applicabili, alla normativa nazionale di settore e ai parametri specifici dell'impresa, che costituiscono un quadro normativo con scopi specifici. Di conseguenza possono non essere adatti per altri scopi. In particolare, in conformità a quanto previsto dall'art. 45-sexies, comma 7, del D.Lgs. 7 settembre 2005, n. 209, l'utilizzo dei parametri specifici dell'impresa, sinteticamente descritti nell'informativa della SFCR è stato approvato dall'IVASS nell'esercizio delle proprie funzioni di vigilanza. Come previsto dall'articolo n. 13 del Regolamento IVASS n. 42 del 2 agosto 2018, le nostre conclusioni non si estendono alle determinazioni assunte dall'IVASS nell'esercizio delle sue funzioni di vigilanza e quindi, in particolare, all'idoneità dei parametri specifici dell'impresa rispetto allo scopo definito dalle disposizioni dell'Unione Europea direttamente applicabili e dalla normativa nazionale.

DELOITTE & TOUCHE S.p.A.

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Milano, 18 aprile 2019