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 2021

Board of Directors of 23th March 2022

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

SUMMARY

Note on the conflict in Ukraine

In view of the situation of uncertainty generated by the current conflict in Ukraine, which is in addition to the previous economic repercussions caused by the pandemic at global level, on March 9th, 2022 IVASS requested insurance companies to carry out a look-through analysis of the exposures held in their portfolios in order to understand the risk exposure of the Italian insurance market to issuers located in Ukraine, Russia and Belarus.
At the time of the analysis, the company has no evidence of significant indirect exposure through third-party funds; the situation is carefully and constantly monitored.

Introduction

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. Business and performance
B. Governance System
C. Risk profile
D. Valuation for solvency purposes
E. Capital Management

A. Business and performance

Vittoria Assicurazioni S.p.A. is a limited company founded in 1921. It operates in all branches of insurance and bases its activity on a long experience in the insurance field, for the protection of individuals, families and companies, on the whole national territory through a widespread commercial organisation with more than 400 agencies.
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. The independent auditors KPMG S.p.A. have been appointed for the financial years 2021 to 2029.

The financial statements for the 100th year show a net profit of 102,051 thousand euro, down 6.0% compared to the result for 2020 (108,624 thousand euro), which had benefited in the Non-Life business from a lower loss ratio linked to the well-known domestic "lockdown" situation and which gradually returned to normal levels during 2021.

At 31 December 2021, there was a 3.5% increase in Non-Life premiums of 1,263,544 thousand euro (1,221,405 thousand euro at 31 December 31 2020) and a 47.1% increase in Life premiums (327,260 thousand euro compared to 222,486 thousand euro at 31 December 2020).
The retained loss ratio and combined ratio were 60.6% and 87.5%, respectively (58.0% and 84.3% in the previous year), ratios that are still below "pre-pandemic" values (at 31 December 2019, they were 65.1% and 89.7%, respectively).

The result for the year benefits from 14,077 thousand euro before tax, due to the extraordinary capital gain realized with the sale to AC Milan of building "C" of the Portello Business Park.

B. Governance system

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. Accounting control is entrusted to an auditing firm. The corporate governance system adopted by the Company is to be qualified as “enhanced”, as there were no substantial changes in the governance during 2021, by maintaining all measures provided for by such regime, according to the results of the self-assessment process performed.

The corporate governance system of the Company is founded on the awareness of the strong bond among these elements: the objectives that the Company aims to achieve with related corporate strategies and the risk management system and the internal control system.

For the Board meetings to be facilitated, they may also be held by teleconferencing. As for attendance and representation in the Shareholders’ Meeting, in order to facilitate the entitlement to attend and vote, the possibility of using remote communication means, also electronically, has been envisaged, provided that the requirements needed to identify the entitled persons are met.

C. Risk profile

The so-called "tree" of S.C.R., which enables to understand the significance of the risks, as well as the benefits of diversification among modules and sub-modules of risk, can represent the risk profile of Vittoria Assicurazioni as at 31 December 2021: this schema is outlined in chapter E.2 Capital management – Solvency Capital Requirement and Minimum Capital Requirement.

A summary representation is shown in the following table:

Volatility Adjustment Amount

	31/12/2021	31/12/2020	△ %
Market Risk	524,166	426,327	22.9%
Counterparty Default Risk	49,259	46,340	6.3%
Life Underwriting Risk	35,109	44,186	-20.5%
Health underwriting Risk	38,098	36,452	4.5%
Non-Life underwriting Risk	289,814	291,533	-0.6%
Sum of risk components	**936,446**	**844,838**	**10.8%**
Diversification effects	(237,409)	(230,371)	3.1%
Basic S.C.R.	**699,037**	**614,467**	**13.8%**
Operational Risk	54,451	51,527	5.7%
Tax adjustment	(146,177)	(147,185)	-0.7%
S.C.R.	**607,311**	**518,809**	**17.1%**

The main changes compared to the previous financial year are due to:

- Life underwriting risk: the change is attributable to the reduction in the Lapse sub-module, due to the increase in the discount curve for technical provisions;
- Default risk: increase due to greater exposure to both rated ("Type 1") and unrated ("Type 2") counterparties);
- Market risk: increase mainly due to the equity component, also as a result of the Symmetric Adjustment, which increases capital absorption in times of rising markets;
- Underwriting risk Health and Non-life: the changes reflect the increase in the portfolio offset by the general decline in Undertaking Specific Parameters compared to 2020, particularly in segment 1-NL (Motor Third Party Liability), mainly due to the progressive increase in the credibility factor of the parameters estimated in the model, which represents the weight of the specific volatility of the undertaking parameters observed on the overall index used.

D. Valuation for solvency purposes

Assets and liabilities are accounted for 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, assets and liabilities other than technical reserves are assessed according to the IFRS/IAS adopted by EC, where compatible with Solvency II regulation.

E. Capital management

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 2021:

Overview of key solvency data (€/000)

		31/12/21	31/12/20	Change restated %
A	Solvency Capital Requirement (SCR)	607,311	518,809	17.1%
B	Minimum Capital Requirement (MCR)	273,290	233,464	17.1%
C	Eligible own funds to meet Solvency Capital Requirement	1,170,860	1,007,028	16.3%
D	Net deferred tax assets	3,758	-	n.a.
E	Subordinated liabilities - Tier 2	211,385	212,712	-0.6%
C-D	Eligible own funds to meet Minimum Capital Requirement	955,717	794,316	20.3%
C/A	**Ratio of Eligible own funds to SCR**	**192.8%**	**194.1%**	**-1.3**
(C-D)/B	**Ratio of Eligible own funds to MCR**	**349.7%**	**340.2%**	**9.5**

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

Own funds Solvency II (€/000)

	31/12/21	31/12/20	Change	Tier SII
Ordinary share capital	67,379	67,379	0	Tier 1
Share premium	13,419	13,419	0	Tier 1
Reconciliation reserve before dividends	850,678	697,242	153,436	Tier 1
Net deferred tax assets	3,758	30,310	(26,552)	Tier 3
Solvency II excess of assets over liabilities	**935,234**	**808,350**	**126,884**	**n.a.**
Foreseeable dividends, distributions and charges*	(30,417)	(30,417)	0	Tier 1
Elimination of deferred tax assets	0	(30,310)	30,310	Tier 3
Inclusion of the eligible subordinated loan tranche	266,043	259,405	6,638	Tier 2
Solvency II eligible own funds to meet Solvency Capital Requirement	**1,170,860**	**1,007,028**	**163,832**	**n.a.**

* Data calculated assuming a dividend of 0.47 euro per share

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.

A. Business and performance

A.1 Business

A.1.1 Name and legal form of the undertaking

Name: Vittoria Assicurazioni S.p.A.
Legal form: Società per azioni.

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.

A.1.3 External auditor

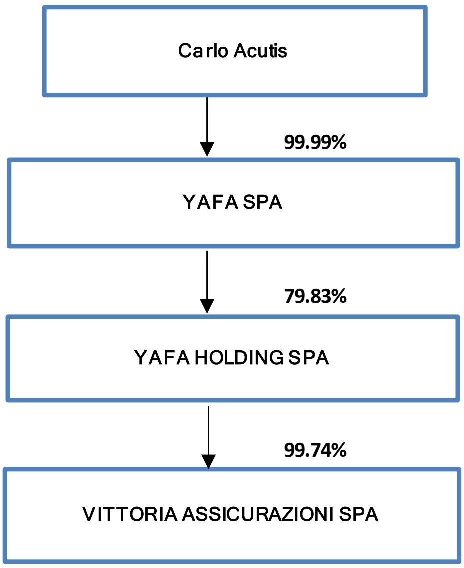
On april the 29, 2020 the Shareholders' Meeting approved the appointment of the Independent Auditors for the years 2021-2029:

KPMG S.p.A.
Via Vittor Pisani, 25
20124 Milano MI

The same auditing firm has been engaged to audit the Market Value Balance Sheet and perform a limited audit of the Solvency Capital Requirement for the three-year period 2021 - 2023.

A.1.4 Qualifying holdings in the undertaking (pursuant to Article 13(21) of Solvency II decree)

The chain of controlling interest in the Company is as follows:

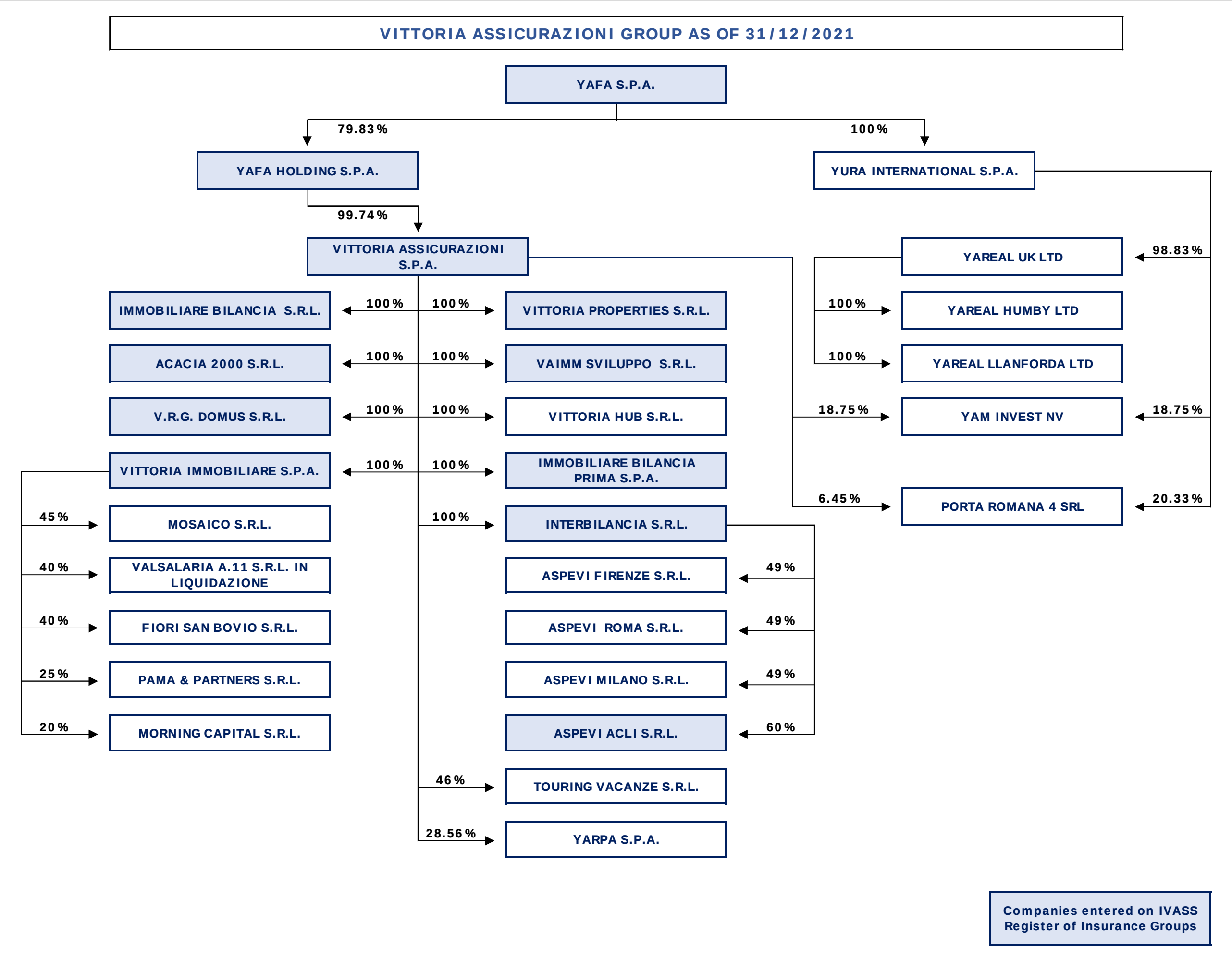


There are no other shareholders holding shares in excess of 10% of share capital.

A.1.5 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 2021:



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%
IMMOBILIARE BILANCIA S.R.L.	Italy	100%
IMMOBILIARE BILANCIA PRIMA S.P.A.	Italy	100%
INTERBILANCIA S.R.L.	Italy	100%
V.R.G DOMUS S.R.L.	Italy	100%
VAIMM SVILUPPO S.R.L.	Italy	100%
VITTORIA HUB S.R.L.	Italy	100%
VITTORIA IMMOBILIARE S.P.A.	Italy	100%
VITTORIA PROPERTIES S.R.L.	Italy	100%
ASPEVI ACLI S.R.L.	Italy	60%

Associates

Name and legal form	State of registered office	Shareholding held
ASPEVI ROMA S.R.L.	Italy	49%
ASPEVI MILANO S.R.L.	Italy	49%
ASPEVI FIRENZE S.R.L.	Italy	49%
FIORI S. BOVIO S.R.L.	Italy	40%
MORNING CAPITAL S.R.L.	Italy	20%
MOSAICO S.P.A.	Italy	45%
PAMA & PARTNERS S.R.L.	Italy	25%
TOURING VACANZE S.R.L.	Italy	46%
VALSALARIA A.11 S.R.L. in liquidazione	Italy	40%
YARPA S.P.A.	Italy	28,56%

A.1.6 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 2021, compared with data of the previous period.

(€/000)

Data by line of business	Premiums written		Claims incurred		Changes in other technical provisions		Expenses	
	31/12/21	31/12/20	**31/12/21**	31/12/20	**31/12/21**	31/12/20	**31/12/21**	31/12/20
Direct Business								
Non-life								
(1) Medical expense insurance	21,737	20,023	(9,203)	(6,687)	-	-	(7,850)	(7,260)
(2) Income protection insurance	98,006	94,934	(30,430)	(28,665)	-	-	(35,497)	(34,918)
(4) Motor vehicle liability insurance	693,576	705,098	(503,038)	(441,634)	-	-	(168,744)	(176,051)
(5) Other motor insurance	153,232	140,693	(73,512)	(68,455)	(455)	(422)	(48,832)	(46,351)
(6) Marine, aviation and transport insurance	6,290	5,436	(4,395)	(3,256)	(9)	(7)	(2,056)	(1,831)
(7) Fire and other damage to property insurance	144,453	121,916	(76,345)	(68,793)	(361)	(306)	(57,304)	(50,652)
(8) General liability insurance	85,804	77,576	(32,236)	(28,307)	-	-	(31,140)	(28,698)
(9) Credit and suretyship insurance	3,556	3,201	(3,198)	(3,014)	-	-	(2,652)	(3,011)
(10) Legal expenses insurance	8,104	7,288	(278)	(485)	-	-	(2,318)	(2,129)
(11) Assistance	32,828	30,422	(9,771)	(8,678)	-	-	(9,977)	(13,132)
(12) Miscellaneous financial loss	15,859	14,721	(604)	(410)	-	-	(4,541)	(4,280)
Total Non-life	**1,263,445**	**1,221,308**	**(743,010)**	**(658,384)**	**(825)**	**(735)**	**(370,911)**	**(368,313)**
Life								
(29) Health insurance	1,729	1,445	(71)	(44)	-	-	(14)	(33)
(30) Insurance with profit participation	235,091	178,587	(85,581)	(97,992)	-	-	(15,272)	(14,298)
(31) Index-linked and unit- linked insurance	74,188	28,393	(9,546)	(5,961)	-	-	(5,476)	(2,293)
(32) Other life insurance	16,252	14,062	(14,936)	(15,690)	-	-	(291)	(873)
Total Life	**327,260**	**222,487**	**(110,134)**	**(119,687)**	**-**	**-**	**(21,052)**	**(17,497)**
Total Direct Business	**1,590,705**	**1,443,795**	**(853,144)**	**(778,071)**	**(825)**	**(735)**	**(391,963)**	**(385,810)**
Reinsurers' share								
Non-life	(51,631)	(36,331)	38,348	24,126	-	-	6,049	5,031
Life	(1,828)	(1,590)	45	(976)	-	-	366	319
Total Reinsurers' share	**(53,459)**	**(37,921)**	**38,393**	**23,150**	**-**	**-**	**6,415**	**5,350**
Total Direct Business net of reinsurers' share	**1,537,246**	**1,405,874**	**(814,751)**	**(754,921)**	**(825)**	**(735)**	**(385,548)**	**(380,460)**

With reference to the Non-Life Business, the Company carries out accepted quota-share reinsurance activity, whose performance as at 31 December 2021 is positive for 53 thousand euro (38 thousand euro at 31 December 2020). At 31 December 2021, there are no Life Reinsurance obligations. For more details see the QRT S.05.01.

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	Non-Life Business %	Life Business Premiums	Life Business %
NORTH					
Emilia Romagna	36	106,831		75,041	
Friuli Venezia Giulia	9	11,867		792	
Liguria	18	47,982		3,183	
Lombardy	117	256,236		125,791	
Piedmont	63	108,153		11,959	
Trentino Alto Adige	11	17,921		5,296	
Valle d'Aosta	1	4,740		387	
Veneto	41	74,336		16,655	
Total	296	628,066	49.7	239,104	73.1
CENTRE					
Abruzzo	14	58,894		8,608	
Lazio	30	106,932		12,347	
Marche	19	41,894		7,131	
Tuscany	52	132,417		15,419	
Umbria	15	67,434		12,395	
Total	130	407,571	32.3	55,900	17.1
SOUTH AND ISLANDS					
Basilicata	4	12,632		2,060	
Calabria	2	2,543		12	
Campania	13	53,457		7,283	
Molise	2	8,562		1,086	
Puglia	7	28,732		15,325	
Sardinia	13	48,566		2,844	
Sicily	13	73,138		3,646	
Total	54	227,630	18.0	32,256	9.9
Total ITALY	**480**	**1,263,267**	**100.0**	**327,260**	**100.0**
France	**0**	**178**	**0.0**	**0**	**0.0**
OVERALL TOTAL	**480**	**1,263,445**		**327,260**	

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 31/12/2021	Total cost 31/12/2021	**Total net income 31/12/21**	Total net income 31/12/20	Change
Investments (other than assets held for index-linked and unit-linked contracts)					
Property (other than for own use)	18,364	(5,154)	**13,210**	(778)	13,988
Holdings in related undertakings, including participations	197	(4,137)	**(3,940)**	(5,181)	1,240
Equities					
-Equities — listed	1,601	(21)	**1,580**	-	1,580
-Equities — unlisted	1,754	(39)	**1,715**	1,141	574
Bonds					
-Government Bonds	50,559	(24,996)	**25,563**	34,891	(9,328)
-Corporate Bonds	19,338	(6,095)	**13,243**	11,326	1,917
-Structured notes	-	0	**-**	0	0
Collective Investments Undertakings	27,353	(1,439)	**25,914**	17,936	7,978
Deposits other than cash equivalents	4	-	**4**	8	(4)
Total Investments (other than assets held for index-linked and unit-linked contracts)	**119,170**	**(41,881)**	**77,288**	**59,343**	17,945
Assets held for index-linked and unit-linked contracts	19,588	(4,514)	**15,074**	996	14,078
Total	**138,758**	**(46,395)**	**92,362**	**60,339**	32,023

The result of investments with risk borne by the Company went from 59,343 thousand euro to 77,288 thousand euro, increasing by 17,945 thousand euro (+30.2%). This result benefited from 14,077 thousand euro before tax, deriving from the extraordinary capital gain on the sale to AC Milan of building "C" at the Portello Business Park.
The weighted average return of the “bonds and other fixed-income securities” went from 2.3% at 31 December 2020 to 1.5% at 31 December 2021.

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	31/12/21	31/12/20	Change
Other income	1,920	3,629	(1,709)
Other charges	(34,663)	(54,558)	19,895
Extraordinary income	488	307	181
Extraordinary charges	(3)	(3,643)	3,640
Total results from other activities	**(32,258)**	**(54,265)**	**22,007**

The item other income is mainly related to:

- interest on bank current accounts for 904 thousand euro (619 thousand euro in the previous year);
- revenues from invoicing and reimbursements for 440 thousand euro (2,099 thousand euro in the previous year);
- withdrawals from the bad debt provision of 270 thousand euro (608 thousand euro in the previous year).

The item other charges mainly relates to:

- bank interest and charges for 1,057 thousand euro (1,280 thousand euro in the previous year);
- amortization of intangible assets for 1,396 thousand euro (4.444 thousand euro in the previous year);
- expenses and interest expense relating to the subordinated loan for 14,834 thousand euro;
- provisions for risks and charges of 7,483 thousand euro, made primarily to cover charges connected with normal company operations and provisions relating to commercial policies aimed at providing increasingly better customer service;
- provisions for 9,210 thousand euro relating to bad debts (4,552 thousand euro in the previous year).

Extraordinary expense is a decrease from FY 2020 which included non-recurring expenses primarily comprised of the recognition in the Statement of higher current taxes than the FY 2019 budget allocation.

A.5 Other information

Nothing to be reported.

B. System of Governance

B.1 Overall information on the system of governance

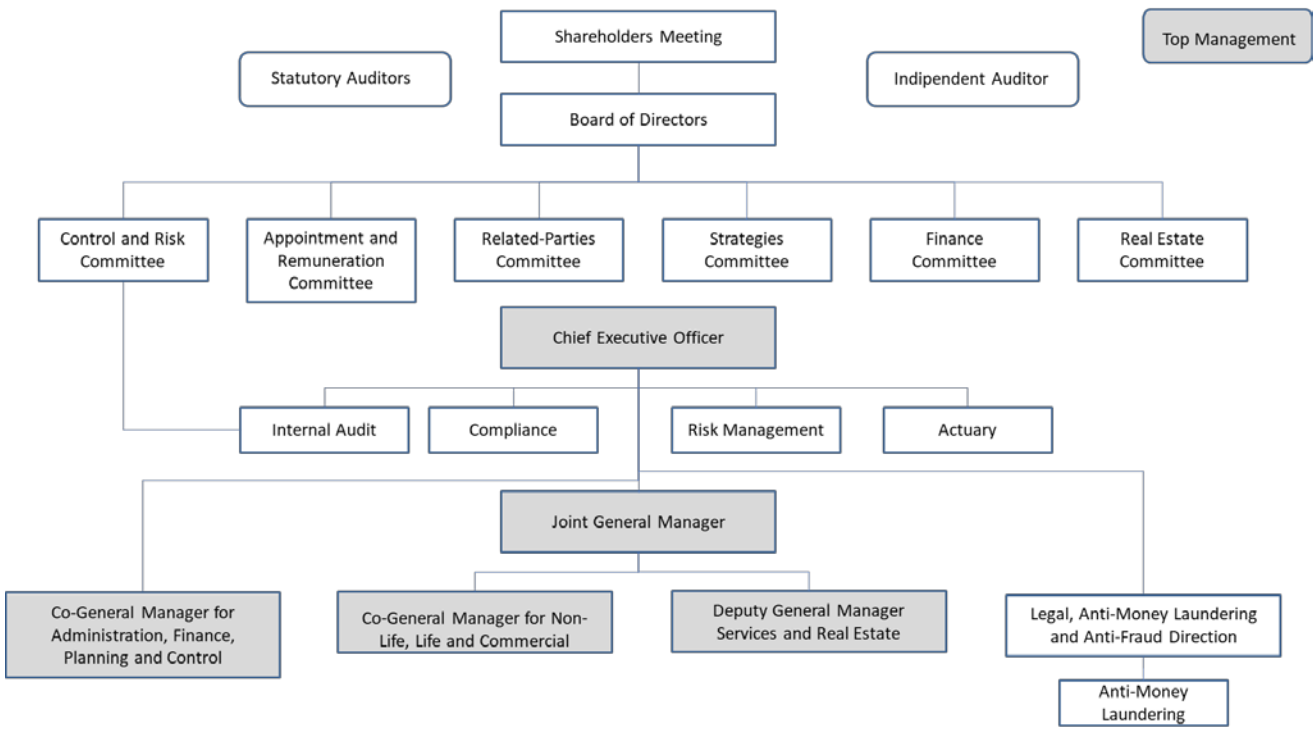
Vittoria Assicurazioni S.p.A. (hereinafter also the "Company") is part of the insurance group of the same name registered under no. 008 of the Insurance Groups Register kept by the Insurance Supervision Institute (hereinafter IVASS) and is subject to management and coordination by the Parent Company 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.
Areas subject to management and coordination by the Parent Group Yafa S.p.A. are identified in the Group's Regulation approved by the Board of Directors of Yafa S.p.A. and Vittoria Assicurazioni S.p.A., respectively.
In particular, the Regulation provides for the differentiated management of the areas of the intra-group coordination, delegating to Vittoria Assicurazioni S.p.A. the management and coordination of its subsidiaries, all its risk control and management measures, currently implemented as defined by the regulation applicable to insurance undertakings.
The Regulation also governs the obligations of the subsidiaries with reference to the activities necessary for the Parent Company Yafa S.p.A. to implement the tasks envisaged by the current regulation on the group solvency, control of the intra-group transactions and management of the risk concentration.
Finally, the Regulation has the purpose of not affecting the duties and responsibilities of the Board of Directors of Vittoria Assicurazioni S.p.A. with regard to the strategic guidelines for which it is responsible, in particular for decisions concerning business strategies, in compliance with the guidelines provided by the Parent Company.
The corporate governance system of the Insurance Company, which refers to the traditional model ruled by Articles 2380 to 2409 of the Italian Civil Code, requires that management activities are entrusted to the Board of Directors and the control activities to the Board of Statutory Auditors, both elected bodies. The accounting control is entrusted to the independent auditor.

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, that is, events that may adversely 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 business operations, as well as the availability and reliability of financial and non-financial information.

The corporate governance system adopted by the Company is to be qualified as "Strengthened", as no substantial changes to governance took place in 2021, maintaining the same all the safeguards provided for by this type of regime, as emerged from the results of the process self-assessment carried out.

GOVERNANCE STRUCTURE



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 30 April 2019 for the FYs 2019, 2020 and 2021, hence until the date of the Meeting that will approve the financial statements as at 31 December 2021, which will take place no later than 30 April 2022.

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

COMPOSITION OF THE BOARD OF DIRECTORS

According to the Articles of Association, the Board of Directors consists of no less than 7 members and no more than 16 members, appointed by the Shareholders' Meeting after determining the number of members to be elected. At the date of preparation of this Report, the Board of Directors has 12 members and is composed as follows:

		Esec.	Indep.	Control and Risk	Appoint. Remuner	Related Parties	Finance	Real Estate	Strateg.
ACUTIS Carlo	Emeritus Chairman						X	X	X
ACUTIS Andrea	Chairman						P	P	P
ACUTIS Adriana	Vice Chairman						X	X	X
CALDARELLI Cesare	Manging Director	X					X	X	X
ANTONARELLI Massimo	Director		X	P					
GOBBI Luciano	Director		X	X	X	X	X		X
MARSIAJ Giorgio	Director		X						
MASSARI Maria Antonella	Director		X	X	P	P			
MINDER Urs	Director		X						
MORENA Marzia	Director		X					X	
PAVERI FONTANA Luca	Director				X		X	X	X
SPADAFORA Giuseppe	Director						X	X	X

P: Chairman of the Commitee

Functions of the Board of Directors

Pursuant to Article 18 of the By-Laws, the Board of Directors has 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 Shareholders' Meeting.
The members of the Board, appointed by the Shareholders' Meeting, are subjects of proven integrity and professionalism. At least a quarter of the Directors must meet the independence requirement set out in the current Articles of Association.

The Board carries out, on an annual basis, a self-assessment on the size, composition and effective functioning of the Administrative Body itself, as well as of its internal board committees.

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
- compliance of the company's activities with current legislation, directives and company procedures.

The Board of Directors also avails itself of the activity of the Supervisory Body, set up pursuant to Legislative Decree no. 231/2001, which has the task of supervising the Model of organisation, management and control model and autonomous powers of initiative and control.
The Company's Board of Directors met 9 times in 2021.

The tasks and responsibilities of the Board of Directors in the definition of the corporate governance system concern the following areas:

- 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, in compliance with the guidelines provided by the Parent Company.
  The Board is therefore responsible for approving, based on the macroeconomic market framework, the strategic plans, including the ICT strategic plan including corporate cyber security and annual budgets.
  The Board is responsible for supervising management activities for the pursuit of the corporate purpose.
  In FY 2021, the Board of Directors also adopted a Sustainability Policy in order to identify some general principles for the management at Group level of environmental, social, governance (or "ESG") profiles relevant to the Company and its stakeholders, with the aim of improving the management process of relevant ESG issues, facilitating the financial reporting process, increasing the level of knowledge and awareness on policies and expected results on relevant ESG issues.
- 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. To this end, the Board approves, taking care of its adequacy over time, the system of delegation of powers and responsibilities, taking care to avoid excessive concentration of powers in

a single subject, through verification tools on the exercise of delegated powers, with the consequent possibility of providing adequate measures if he decides to invoke delegated powers to himself.
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.
The Board defines the remuneration policies annually by submitting them to the approval of the Shareholders' Meeting.

- Internal control and risk management

  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.

  With regard to internal control and risk management, including the environmental and social risks generated and suffered, the Board adopts suitable Policies, including the Data Governance Policy, which includes data quality and cyber security profiles, whose controls are an integral part of the ICT strategic plan. It also approves the Emergency Plan (so-called Contingency Plan) by checking it annually to assess its effectiveness.

Chairman of the board of directors

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 Boad, 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.

CEO

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. In compliance with art. 23 of the Articles of Association, the Managing Director is vested with legal representation.The CEO is also the Employer pursuant to and for the purposes of Legislative Decree no. 81/2008.

General Manager

In accordance with Article 20 of the By-Laws, the General Manager is appointed by the Board of Directors, which determines the relevant powers, and is also vested with the legal representation.

The General Manager helps to define the strategic objectives; ensures the overall governance of the human resources and guarantees that all operating and functioning levers of the organizational structure are consistent with the strategic lines of the Insurance Company.

In particular, the General Manager has the responsibility of ensuring:

- the supervision of the Company's core business, through the management of commercial, technical, underwriting, settlement, reinsurance and product policies;
- the overall governance of human resources, by guaranteeing the consistency between the organizational aspects, staff needs, the professional development and the economic/administrative conditions;
- the monitoring and development of IT systems and alignment of organizational levers (IT systems, organizational structure, corporate processes and roles) and the framework of projects related to the Insurance Company's strategic objectives; the governance and the development of real estate subsidiary and participating companies, by ensuring that the business objectives are pursued, while targeting its investments and enhancing its real-estate assets;
- the constant quantitative monitoring of business processes supporting the Insurance Company's decision-making.

Pursuant to the said art. 20 of the Articles of Association, the General Manager takes part in the BoD meetings with the entitlement to express non-binding opinions on matters at issue. In coordination with the CEO, the General Manager periodically reports to the Board on the general performance of the Company's management.

Control and Risk Committee

The Committee is made up of non-executive directors, the majority of whom are independent. The Chairman of the Committee is chosen from among the independent directors.
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, it supports the Board of Directors in the definition of the governance system and the internal control and risk management system with an adequate inquiry activity, carrying out the continuous verification of the adequacy and efficacy of the internal control and risk management system with respect to the characteristics of the Company and the assumed risk profile.
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 order to ensure constant and effective monitoring of the internal control and risk management system, the Managing Directors, General Managers, Heads of Fundamental Functions and any other persons, including external ones, whose presence is deemed appropriate, may be invited to participate in the Committee.
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.

Appointment and Remuneration Committee

The Committee is made up of non-executive directors, the majority of whom are independent. The chairman of the Committee is chosen from among the independent directors.
The Committee has consultative and preliminary functions in the process of appointment of the Directors and, for the assignment of corporate offices, for appointments concerning top management, in the assessment of the eligibility requirements for corporate offices and in the Board's self-evaluation process.
As regards remuneration, the Committee has advisory and preliminary functions for determining the remuneration of directors vested with particular offices, as well as on remuneration and loyalty policies relating to Relevant Personnel.

Related-Party Committee

The Related Parties Committee examines in advance the Intra-Group transactions carried out with persons whose amount exceeds 100 thousand euro, with the parent companies, as well as those transactions which, exceptionally, are not carried out at market conditions.
The Committee examines in advance the operations that are submitted by the competent corporate structures and expresses a reasoned opinion on the interest of the Company in carrying out the operation, as well as on the convenience and substantial correctness of the related conditions.

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.

Finance Committee

The Finance Committee has the task of supporting the Board:

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

Real-Estate Committee

The Real Estate Committee has the task of supporting the Board:
- 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 30 April 2019 for the FYs 2019, 2020 and 2021, and hence till the date of the Meeting that will approve the financial statements as at 31 December 2021, which will take place no later than 30 April 2022.

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
Antonio SALVI	Substitute statutory auditor
Luca LAURINI	Substitute statutory auditor

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 and attends the meetings of the Control and Risk Committee and the Board of Directors.

Auditor

The Independent Auditors are KPMG S.p.A., which was appointed for the period 2021-2029 by resolution of the Shareholders' Meeting on 29 April 2020.

Senior Management

Pursuant to current legislation, Senior Management means the Chief Executive Officer, the Joint 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, Joint General Manager, the Co-General Manager and the Deputy General Manager. Therefore, the scope of Top Management includes the Chief Executive Officer, Joint General Manager, the Co-General Manager for Non-Life Life and Commercial and the Co-General Manager for Administration, Finance, Planning and Control and the Deputy General Manager Services and Real Estate, who are responsible at a high level for the decision-making process and for the implementation of the strategies as well as for maintaining and monitoring the governance system company.
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.

Top Management, in particular:

- defines in detail the organizational structure of the Company, the tasks and responsibilities of the basic operating units, as well as the decision-making processes in accordance with the directives issued by the Board;
- helps to ensure the definition of operational limits consistent with exposure to risk and solvency and ensures the timely verification of the limits themselves, as well as the monitoring of risk exposures and compliance with tolerance limits;
- implements the Policies relating to the corporate governance system;
- takes care of the operational aspects, proposes and informs the Board of Directors on the overall adequacy of the organizational structure and corporate governance system with the utmost timeliness if significant criticalities are found;
- implements the indications of the Board of Directors regarding the measures to be taken to correct the anomalies found to make improvements.

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").
In addition, the Company, on the basis of the provisions of the regulations, has set up an Anti-Money Laundering Function next to the four Fundamental Functions. The roles and responsibilities of these functions responsible for internal control are set out in specific policies approved by the Company's Board of Directors. The Anti-Money Laundering function may attend the meetings of the Control and Risk Committee upon invitation.

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; in particular, the head of the Risk Management Department is regularly invited to attend the meetings of the Control and Risk Committee, the Finance Committee and the Real Estate Committee;
- the Fundamental Functions have free access to the activities of the company, to the company structures and to all the pertinent information.

The Fundamental Functions work together to carry out their respective duties and ensure adequate collaboration, including information, with the Board of Statutory Auditors.
Within their respective spheres of competence, the Fundamental Functions interface and collaborate with the corresponding Fundamental Functions of the Parent Company for all activities that are relevant or require it.

The Owner of each Function is appointed and revoked by the Board of Directors and meets the eligibility requirements for the office set by the Policy of Eligibility in force. The Owner attends the meetings of the Control and Risk Committee and, at the request of the respective Chairs, the meetings of the Board of Directors and the Board of Statutory Auditors.
The Owner of each Function annually submits to the Board of Directors, also through the Control and Risk Committee, an activity Plan - for the relative approval - which indicates the interventions it intends to perform. If necessary, the owner of each function can prepare checks not provided for in the activity plan. Significant changes to the Plan are subject to approval by the Board, subject to preliminary investigation by the Control and Risk Committee.
The Owner of each Function submits, at least annually, or in any case when deemed necessary, a Report of the activity to the Board of Directors, also through the Control and Risk Committee which summarizes, in accordance with the Activity Plan, the activity carried out and the checks carried out, the assessments carried out, the results that emerged, the critical issues and the shortcomings found and the recommendations made for their removal, as well as the status and timing of implementation of the improvement measures.

COMPLIANCE FUNCTION

The Board of Directors has established the Compliance Function, as an integral part of the internal control and risk management system, within which it carries out second level controls.
In implementation of articles 30 quater of the CAP, of the articles 33 and 34 of IVASS Regulation n. 38/2018, the Board of Directors approves the Policy of the Compliance Function in which it establishes the objectives, roles, responsibilities, tasks and operating procedures assigned to the Function, as well as the frequency of reporting to the corporate bodies and corporate functions affected.
In general, the main objective of the Function is to evaluate that the organization and the internal procedures of the Company are adequate to monitor the risk of non-compliance with the regulations for the Company and its subsidiaries, with particular attention to:

- compliance with the regulations relating to the process of governance and control of insurance products (so-called POG);
- compliance with the rules relating to transparency and fairness of conduct in the insured and injured parties;
- pre-contractual and contractual information;
- the correct execution of contracts with specific reference to claims management;
- the protection of policyholders and others entitled to insurance benefits.

The Compliance Function is, among other things, responsible for:

- providing support and consultancy to the Corporate Bodies, Top Management and other corporate functions on matters where the risk of non-compliance is significant, with particular reference to the governance and control of insurance products and the rules on transparency and correctness of conduct with regard to customers;

- evaluating the adequacy and effectiveness of the organizational measures adopted to prevent the risk of non-compliance with the rules and propose organizational and procedural changes aimed at ensuring adequate risk control;
- evaluating the effectiveness of organizational adjustments following the suggested changes in the remedial plans defined by the Department in order to reduce the Company's risk exposure;
- proposing and contributing to the updating of the contents of the Governance policies for the areas under its responsibility and verifying, for all Governance policies, compliance with the regulations applicable to the Company, coordinating the process of drafting and updating the document;
- preparing adequate information flows directed to the corporate bodies of the company and the other structures involved, including the Supervisory Body of the Company, pursuant to Legislative Decree no. 231/2001 and the other Essential Functions.
- drawing up an annual report to be submitted to the Board of Directors for approval and forwarded to IVASS, on the controls carried out on the distribution network, the contents of which are set out in Article 46 of IVASS Regulation No. 40/2018.

RISK MANAGEMENT FUNCTION

The Company's Board of Directors has established the Risk Management Function as an integral part of the internal control and risk management system, within which it carries out second-level controls.
In implementation of articles 30 - bis paragraph 10 of the Code of Private Insurance, and art. 32 of IVASS Regulation no. 38/2018, the Board of Directors approves the Risk Management Function Policy in which it establishes the objectives, roles, responsibilities, tasks and operating procedures assigned to the Function, as well as the frequency of reporting to corporate bodies and corporate Functions concerned.
In general, the main objectives of the Function are as follows:

- contributing to the definition of the Risk Management Policy and, in particular, to the choice of the criteria and the related risk measurement methodologies, as well as the Risk and Solvency Assessment Policy;
- contributing to the definition of the operational limits assigned to the operational structures by defining the procedures for the timely verification of said limits
- to supervise the consistency between the level of risk assumed and the Company's propensity to accept risk, also with reference to the impact of operations carried out by subsidiaries
- to verify that the system for the assumption, assessment and management of corporate risks is consistent with its strategies and policies.

The Risk Management Department is, among other things, responsible for:
- taking care of the implementation of the risk management system, based on an organic vision of all the risks to which the company is exposed, including the reservation risk, suitable to allow the timely identification of changes in the risk profile;
- to support the process of defining strategic choices regarding risk management by top management
- promoting the adoption of an effective and efficient risk analysis, measurement and control process, contributing to the choice of methodologies, criteria and assumptions used for assessments
- validating the information flows aimed at ensuring the control of risk exposure and the identification of anomalies in operations;
- preparing reports for the Board of Directors, Top Management and the heads of the operational structures regarding the development of risks and the violation of the established operational limits;
- to verify the consistency of risk measurement models with the Company's operations and to contribute to the performance of scenario analyses or stress tests also carried out as part of internal risk or solvency assessments or at the request of IVASS;
- to improve the risk management process
- spread the culture of risk management;
- define any points for improvement in the definition of the Risk Appetite;
- to verify compliance with the limits/parameters set by the Board of Directors for risk exposure;
- monitor the Company's risk profile.

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 implementation of art. 30 - sexies of the Private Insurance Code and of article 38 of IVASS Regulation 38/2018, the Board of Directors approved the Actuarial Function Policy in which it establishes the objectives, roles, responsibilities, tasks and operating methods assigned to the Actuarial Function, as well as the frequency of reporting to the corporate bodies and corporate functions concerned.

The main objective of the Function is to oversee the risk of reservation and underwriting and to verify the appropriateness of the data and the adequacy of the assumptions and models used in this area, adequately informing the corporate bodies about this.

Therefore, the Actuarial Function is, among other things, responsible for:

- coordinating the calculation of the Non-Life and Life Technical Reserves according to the Solvency II principles;
- assessing the accuracy, appropriateness and completeness of the data used for the calculation of the Solvency II Technical Reserves, also reporting any improvements to be made in the respective reports;
- assessing the sufficiency of the Non-Life and Life Technical Reserves, calculated for the purposes of preparing the Local GAAP and Solvency II Financial Statements and certify the correctness of the procedures followed;
- providing information, upon request, on the adequacy of the methodologies, the underlying models and the assumptions on which the calculation of technical provisions is based;
- providing Asset Liability Management analysis;
- evaluating the global underwriting policies and reinsurance agreements, also considering the risk appetite, providing specific opinions;
- providing the Board of Directors with information regarding any significant difference between the actual experience and the best estimate, identifying the causes and, if necessary, proposing changes to the assumptions and the evaluation model, in order to improve the calculation.

INTERNAL AUDIT FUNCTION

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

In implementation of articles 30 - quinques of the Private Insurance Code, article 47 of the Solvency II Directive and articles 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 the audit activity and relations with the bodies and other corporate functions.

In general, the main objectives of the Function are:

- monitor and evaluate the effectiveness and efficiency of the internal control system and of the other components of the corporate governance system;
- monitor and evaluate any need for adaptation, including through support and consultancy activities for other corporate functions.

Therefore, the Internal Audit Function is, among other things, responsible for:

- verify the correctness of management processes and organizational procedures, including the regularity of information flows between company sectors;
- verify the reliability of information systems and their adequacy;
- verify the compliance of the administrative-accounting processes with the criteria of correct and regular bookkeeping;
- establish, apply and continuously maintain an audit plan that indicates the activities to be carried out, in the Company and in the companies controlled by them, by establishing organic connections with all the owners of the internal control functions;
- establish an "assurance" and quality improvement program through which to evaluate its auditing activities and promote professional growth, communicating to the Board of Directors the elements that allow to evaluate future performance;
- ensure, in coordination with the other Control Functions, an adequate approach to risk and control management and a systematic assessment process of the internal control system and of the other components of the corporate governance system;
- verify the effectiveness of the checks carried out on outsourced activities.

ANTI-MONEY LAUNDERING FUNCTION

The Board of Directors of the Company has established the Anti-Money Laundering Function as integral part of the system of internal control and risk management, whereby it performs second level controls.

The Anti-Money Laundering Function reports directly to the Board of Directors, also by way of the Control and Risks Committee, through adequate reporting procedures concerning activity carried out, results of the checks carried out and any recommendations.

For the purpose of implementing Articles 13(2) of IVASS Regulation no. 44/2019, recalling Article 10(1)(b) of the same regulation, the Board of Directors has approved the Anti-Money Laundering Policy whereby it defines objectives, powers, responsibilities and main activities of the Function and outlines the methodological principles of the audit activity and the relationships with corporate bodies and other company functions.

In general, the Function's main objective is to:

- continuously verify that company procedures are consistent with the aim of preventing and combating the violation of rules, regulations and self-regulation on the prevention of money laundering risk;
- verify the risks deriving from money laundering, investment of illegal profits from crime and self-laundering, according to the criminal definitions of the conduct.

Specifically, the tasks assigned to the Anti-Money Laundering Function are as follows:

- identifying the applicable rules on the prevention of money laundering risk and assesses their impact on internal processes and procedures;
- coordinating the annual self-assessment of the money laundering risk which the company is exposed to;
- helping in identifying the internal control system and procedures aimed at preventing the risk of money laundering;
- continuously verifying the adequacy of the risk management process and the suitability of the internal control system and the procedures adopted and proposing the organizational and procedural changes necessary in order to ensure adequate control of the money laundering risk;
- providing advice and assistance to corporate bodies and senior management, as well as to other corporate functions in relation to the aspects within its purview;
- transmitting, where required, the aggregated data and objective communications, in the manner and at the intervals established by the UIF;
- preparing direct information flows to corporate bodies and top management;
- promptly informing the corporate bodies of violations or significant deficiencies ascertained;
- preparing, in conjunction with the other company relevant training departments, an adequate training plan aimed at achieving continuous updating of staff and collaborators;
- helping to prepare and update the documents referred to in Articles 10(1)(b) and 11(1)(c) and to disseminate them to all staff, to the direct distribution network and, more generally, to spread the culture in anti-money laundering matters;
- evaluating the adequacy of the information systems and internal procedures aimed at fulfilling the customer due diligence obligations, when detecting, evaluating and reporting suspicious transactions, when detecting further situations subject to the disclosure obligation, when preserving documents, data and information required by law;
- carrying out checks on the systems and procedures referred to in letter l), also on a sample basis and where necessary in cooperation with the internal audit function, to verify their effectiveness and functionality and identify any critical areas;
- applying the enhanced customer due diligence measures in cases where, due to objective, environmental or subjective circumstances, the risk of money laundering appears particularly high, or where this task is attributed to other structures - it ascertains the adequacy of the process of applying enhanced measures by these structures, submitting said process and its results to control;
- handling, in any case, the preliminary activity for reporting suspicious transactions, forwarded by the managers of the organizational units that manage relations with customers and by insurance intermediaries, as well as those identified independently;
- providing - annually and in any case in the event of significant changes in the risk to which the company is exposed - the Control and Risks Committee and the Board of Directors with an annual activity plan and a report on the activities and the checks carried out, on the assessments performed, on the criticalities and deficiencies

found, on the recommendations formulated for their removal, as well as on the state and timing of implementation of the improvement actions, if not yet implemented, on the training activity, on the results of the self-assessment exercise conducted pursuant to the provisions on risk mitigation, containing the corrective action plan still to be undertaken, taking into account the shortcomings found in previous checks and any new risks identified;
- collaborating with Authorities.

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 2021 are reported in chronological order:

26/01/2021	The Board of Directors has approved a number of updates to the 231/2001 organizational model, after a preliminary examination by the competent bodies.
24/02/2021	Approval of certain updates to the Rules of the Board Committees and the Rules of the Real Estate Division.
24/02/2021	In accordance with recently issued legislation on the subject and in particular pursuant to the COVIP Resolution of 13 January 2021, concerning "Supervisory instructions for companies that manage open pension funds", the Board of Directors of Vittoria Assicurazioni SpA, in its capacity as the founding company of the Formula Lavoro Open Pension Fund, approved a document illustrating the Fund's overall corporate governance structure, which reflects the various measures implemented for the purpose of strengthening governance controls, including (i) the provision of specific activities to be carried out by the Fundamental Functions of Vittoria Assicurazioni, in particular the Risk Management and Internal Audit Function, carry out in favour of the Fund, (ii) the integration of the Company's Remuneration Policy with information on the remuneration of the Fund's Manager, (iii) the management of conflicts of interest, (iv) the regulation of outsourcing, and (v) the introduction, also in the Fund's activities, of an approach oriented to social and environmental sustainability.
13/05/2021	With effect from 1 June 2021, the Board of Directors of Vittoria Assicurazioni SpA has appointed two Co-General Managers, who have been assigned responsibility for the General Administration, Finance, Planning and Control Department and the Non-Life Life and Commercial Department, respectively.
13/05/2021	The Board of Directors approved some amendments to the Articles of Association in order to adjust, pursuant to and for the purposes of art. 5, paragraph 4, of ISVAP Regulation 17/2008, the elements of shareholders' equity indicated in art. 5 of the Articles of Association on the basis of the results recorded in the financial statements as at 31.12.2020.
28/07/2021	The Board of Directors has given the Chief Executive Officer the title of Employer pursuant to and for the purposes of Legislative Decree no. 81/08.
16/09/2021	With effect from October 1, 2021, the Board of Directors of Vittoria Assicurazioni S.p.A. appointed a Deputy General Manager, who was given responsibility for the Deputy General Services and Real Estate Department.
11/11/2021	The Board of Directors of Vittoria Assicurazioni S.p.A. approved the Organigram, the Functional Chart and the Model of Delegation of Powers effective as of January 1, 2022.

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.

Furthermore, the remuneration policy intends to be consistent with the integration of sustainability risks because it does not encourage, also through the guidelines contained in the ALM and Liquidity Investment Policy, behaviour that encourages the assumption of sustainability risks that the Company has identified.

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 Policy ensures that Vittoria Assicurazioni SpA's ability to maintain an adequate capital base is not prejudiced.

In addition, the remuneration systems are suitable to guarantee compliance with the provisions of the law, regulations and articles of association, as well as with the Group's Code of Ethics.

The Company's remuneration policy does not envisage the use of incentives aimed at assuming risks that might not be in line with the above-mentioned objectives, or the assumption of risks considered significant in relation to sustainability risks, or remuneration practices that conflict with the aim of preventing the risk of money laundering. As regards both top management and all staff, remuneration is defined on the basis of the responsibilities assigned to the recipients, their professional experience, the role covered, their skills and the reference market, according to principles of fairness and is consistent with the nature, size and complexity of the risks inherent in the Company's business.

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.

<u>Non-executive Directors</u>

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.

<u>Control Bodies</u>

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.

<u>Managing Director, Senior Managers and other Managers</u>

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 weight of the variable component of remuneration is determined uniformly for top management and the managerial population.

The variable remuneration provided by the 2021 Remuneration Policy refers to a single variable remuneration system that takes into account the short and long term, through the adoption of a corrective mechanism of the deferred accrued operating for the entire duration of the deferral applicable to the managerial population (basic functions are excluded).

In fact, the adoption of a deferral mechanism for the provision of the variable component (no deferral, 3 or 5 years) which varies according to the amount of variable remuneration accrued has been envisaged.

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

There are no "Incentive plans based on financial instruments, other than stock options, in favor of the members of the administrative body, top management or other subjects falling within the perimeter of the relevant staff.

<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.

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.

There were no material transactions during the reporting period.

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. In addition, the Company, on the basis of what is defined by the regulations, has set up an Anti-Money Laundering Function alongside the four Fundamental Functions.

The holders of these functions are:

- Internal Audit function: Vincenzo Coppa;
- Compliance function: Marco Bianco;
- Risk Management Function: Ignazio Oggioni;
- Actuarial function: Marina Migliorisi;
- Anti-money laundering function: David Monti.

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

Subject to constant updating by the Board of Directors of Vittoria Assicurazioni S.p.A., the Fit & Proper Policy ensures that persons performing administrative, management and control functions, the relevant staff, the holders of Key Functions and their collaborators, as well as the Persons in charge of the direct distribution and the directors and statutory auditors of subsidiaries having the professional qualifications, knowledge and experiences for a sound and prudent management of the Insurance Company, have a good reputation and integrity, and, where provided for, meet the independence requirement.
The verification of the fulfillment of the requirements is carried out at the time of appointment and on an annual basis with reference to the following subjects:

- Directors and Auditors;
- Managers with strategic responsibilities (Senior Management);
- Holders of the Basic Functions included in the governance system;
- Higher level personnel of the Basic Functions;
- Holder of the Anti-Money Laundering Function;
- additional relevant personnel, or those whose activities may have a significant impact on the risk profile of the company, identified annually by the Board of Directors;
- Responsible for direct distribution;
- Directors and Statutory Auditors of subsidiaries.

PROFESSIONALISM

With regard to the professionalism requirement, it is considered adequate when the subject has professional qualifications, knowledge and experience suitable to allow the correct and effective fulfillment of the tasks deriving from his / her corporate position. This includes common behaviors and values as described in the Group's Code of Ethics, as well as experience in leadership and managerial skills, including significant technical skills for the specific company position to be covered.
In particular, with reference to the professionalism of the members of the Board of Directors, the Policy is aimed at ensuring that the Board of Directors has the presence of subjects who, collegially, have adequate qualifications, experiences and knowledge regarding:

- 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 area of competence also includes the ability to assess the effectiveness of the business governance, supervision and control system;

- actuarial and financial analysis, in terms of ability to interpret the Company's actuarial and financial information, identify the main problems, implement adequate controls and take 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 for the ability to promptly adapt to regulatory updates;

HONORABILITY

Without prejudice to the need to ensure compliance with the requirements of the applicable legislation (Ministerial Decree No. 220/2011 for members of the administrative, management and control bodies, also applicable to the Owners, to the collaborators of the Fundamental Functions, as well as to those who perform functions of direction and control in the Subsidiaries), the Policy adopted by the Company establishes a number of additional criteria for evaluating the requirement of honourableness. In particular, honorabilty is not considered adequate when the following circumstances exist which, moreover, do not automatically imply the lack of reputability requirement, leading to the need for a case by case assessment:

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

It should also be noted that for Direct Distribution Managers, the honourability requirements are expressly laid down in Article 110 of the Private Insurance Code.

Independence

With reference to the independence requirements, in addition to the need to ensure compliance with the requirements set out in the applicable regulations, including in particular Ministerial Decree no. 220/2011, the corporate By-Laws, in line with the provisions by IVASS Regulation no. 38/2018 on the matter, define the necessary requirements for the Directors to be considered independent, and set forth that at least one fourth of them, rounded up, must satisfy said requirements. The loss of the independence requirement does not constitute forfeiture if the minimum number of directors meets the requirement. As for the appointment of Board Committee members, this requirement also establishes that Committees must be made up of, in whole or in the majority, independent directors, including the Control and Risk Committee (majority independent), the Appointments and Remuneration Committee (majority independent) and the Related-Party Committee (independent directors only).

The assessment of eligibility is mainly based on proper documentation provided by the persons involved, as well as on any other information available to the Company.

The verification of the existence of requirements and their maintenance, that is performed on an annual basis, is carried out by the relevant body for the appointment. For appointments and posts conferred by the Board, the verification of the existence of applicable requirements is performed by the Board itself, after preliminary activity of the Appointments and Remuneration Committee.

All persons involved are required to promptly notify any non-fulfilment of the fit & proper requirements, as well as any changes concerning the requirements they have declared.

In particular, those that are found in situations that entail forfeiture or suspension of the office or have been prosecuted for offences that may impact on maintenance of the integrity requirement promptly notify these circumstances to the Board of Directors.

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.
The risk management system adopted by the Company complies with the following general principles:

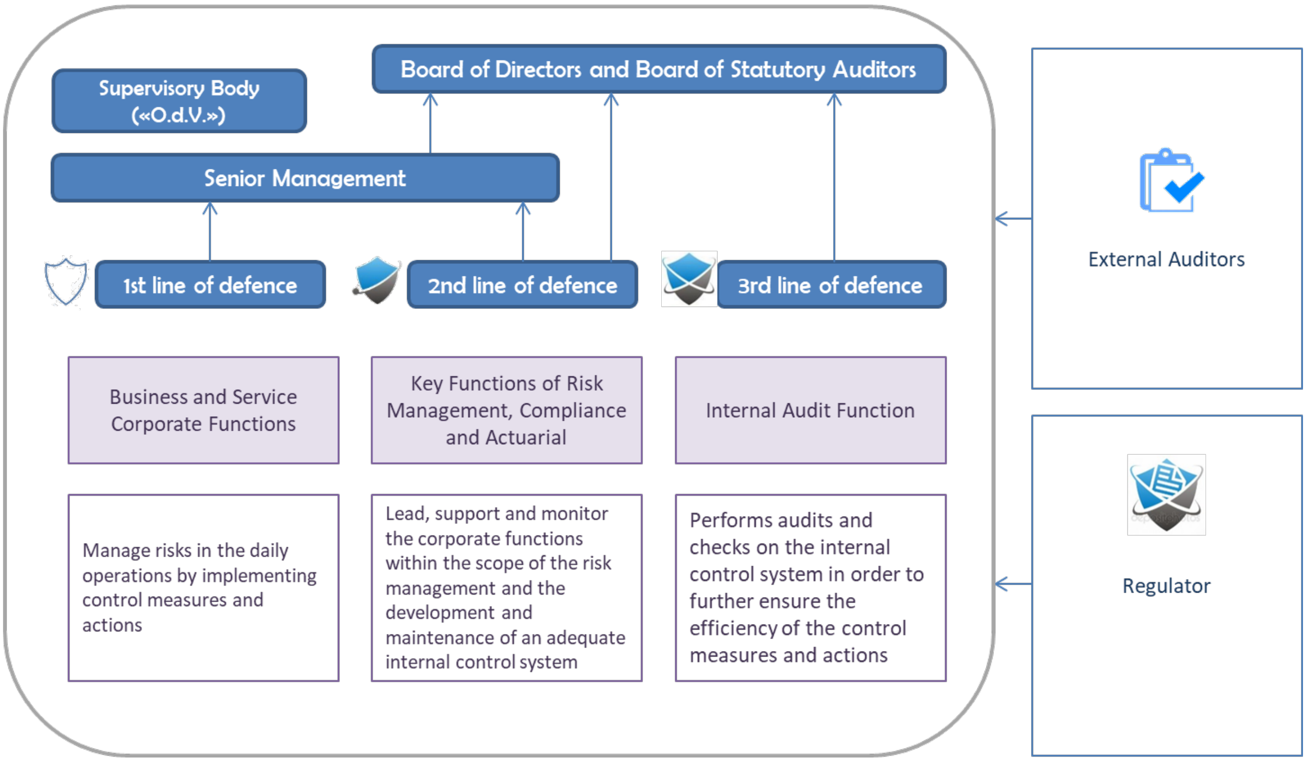
- spreading the culture of risk within the Company, where possible, leveraging synergies, "best practices" and specific skills;
- responsibility, delegation and control, in risk management and treatment, of the operational functions through the dissemination of governance policies at all levels;
- timeliness in identifying and controlling risks, including those of an environmental and social nature;
- independence and separation from the operational functions of the Basic Functions to monitor corporate 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, transversal between the various corporate functions and intercompany with particular reference to the information flows to the parent company.

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;

- o 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").

These principles refer to:

▪ integration	of the own risk and solvency assessment in the process for the analysis of the business strategy. The assessment is, in fact, an instrument of risk and capital management strategic planning;
▪ proportionality	pursued through the assessment of nature, scope and complexity of risks relating to the business performed by the Company and its subsidiaries;
▪ reliability	of the assessment, based also on compliance with principles laid down by the Data Governance Policy;
▪ substantiality	solidity of assumptions and estimates, by considering the current and forward-looking macro-economic scenarios;
▪ ongoing improvement	refinement of estimation techniques for individual risks, also by comparing the exposure values estimated in the previous assessment and those actually achieved;
▪ compliance	with applicable law: supranational, national, primary and secondary, and Group's internal.

The methodology adopted refers to:

- the current and future assessment of risks and solvency, with reference to:
  - o the quantitative assessment with Solvency II Standard Formula metrics (for insurance, market, credit and operational risks);
  - o using stress test and scenario analysis, what-if and sensitivity (type of analysis that is carried out with the support of the Actuarial Function for the identification of scenarios and stresses);
  - o 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), operational risks (for example *Business Continuity and Cyber Security*), the risk of fraud and the risk related to the activities of the *Outsourcers*;
  - o 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 Corporate Governance Directive, approved by the Board of Directors, which describes the corporate governance system chosen by the Company, with particular attention to the internal control and risk management system, the tasks of the main players involved, information flows and coordination methods, as well as guidelines for subsidiaries;
- the Code of Ethics approved by the Board of Directors;

- an extensive system of governance 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.
- an organized system of human and technological resources, 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 mitigation and 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;

- 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 Board of Directors annually approves the Policy of the Compliance Function in which it establishes the objectives, roles, responsibilities, tasks and operating procedures assigned to the Function, as well as the frequency of reporting to the corporate bodies and corporate functions affected.

Compliance Function proposes revisions to the Policy at least annually. The proposed changes are subject to the approval of the Board of Directors, subject to preliminary investigation by the Control and Risk Committee.

The Policy has the objective of continuously guaranteeing the identification, assessment of the risk of non-compliance with regulations, compliance with the same, correctness and transparency of pre-contractual and contractual information as well as the correct execution of contracts.

The process of managing the risk of non-compliance and the operation of the Function consists of the following macro-phases:

- regulatory reconnaissance (so-called "regulatory scoping");
- risk assessment (so-called "Compliance Risk Assessment");
- ex-post controls;
- "Follow-up" activities;
- reporting;
- Consulting activities (clearing).

The Function defines a model for monitoring non-compliance risks that enhances the specific skills within its team. For some "technical" or highly "specialized" areas, the risk control model involves the involvement of other company functions in the assessment of the risk of non-compliance with the regulations (so-called Indirect Protection) always based on the "Compliance Risk Assessment" model for those specific areas. Without prejudice, therefore, to the ultimate responsibility of the Function, the following areas of indirect control are identified:

- Regulation on the administrative liability of legal persons;
- Regulation on Health and Safety at Work;
- anti-money laundering and anti-terrorism legislation;
- Financial, Tax and Real Estate legislation (the latter also with reference to the Subsidiaries);
- labour law.

The Function is responsible for:

- identifying, on a continuous basis, the rules applicable to the Insurance Company, assessing their impact on corporate processes and procedures, by providing support and advice to the Board of Directors, Board Committees, the Board of Statutory Auditors, the Top Management and the other corporate functions in relation to the issues where the non-compliance risk is important, including the designing of products;
- assessing the adequacy and effectiveness of organisational measures to prevent the risk of non-compliance with laws and regulations and proposing changes to organisation and procedure to ensure adequate protection against risk;
- assessing the efficiency of the organizational adjustments after suggested changes;
- providing adequate information flows to corporate bodies and other departments involved;
- drawing up an annual report to be submitted to the Board of Directors for approval and to IVASS, on the checks performed on the distribution network, whose contents are set forth by Article 46 of IVASS Regulation no. 40/2018;

- planing activities on an annual basis in the light of the nature, size and complexity of the company's risks of non-compliance;
- drawing up a report for the Administrative Body on the controls carried out and any criticalities encountered.

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.

For the purpose of implementing Articles 30 - quinques of the Code of Private Insurance Companies, Article 271 of Delegated Acts, Article 47 of the Solvency II Directive and Articles 35, 36 and 37 of IVASS Regulation no. 38/2018, the Board of Directors has approved the Internal Audit Policy where it defines objectives, powers, responsibilities and main activities of the Function and outlines the methodological principles of the audit activity and the relationships with corporate bodies and other company 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:

- verifying the correctness of management processes and organizational procedures, including the regularity of information flows between company sectors;
- verifying the reliability of information systems and their adequacy;
- verifying the compliance of the administrative-accounting processes with the criteria of correct and regular bookkeeping;
- establishing, applying and continuously maintaining an audit plan that indicates the activities to be carried out, in the Company and in the companies controlled by them, by establishing organic connections with all the owners of the internal control functions;
- establishing an "assurance" and quality improvement program through which to evaluate its auditing activities and promote professional growth, communicating to the Board of Directors the elements that allow to evaluate future performance;
- ensuring, in coordination with the other control functions, an adequate approach in risk and control management and a systematic assessment process of the internal control system and of the other components of the corporate governance system
- verifying the effectiveness of the checks carried out on outsourced activities.

These responsibilities are also assigned in relation to the complementary pension schemes set up by the Company (Open Pension Fund and Individual Pension Plan).

IMPLEMENTATION

In carrying out the assigned tasks:

- is authorized to have free access, without restrictions, to the registrations, physical properties and documentation of Vittoria staff. Access to this information must be relevant to the performance of its operating activity. All employees must provide Internal Audit support in achieving their role and in achieving the responsibilities associated with it. Internal Audit has direct and unrestricted access to the Board.
- has human resources with specialist knowledge and professional updating.

The Holder of the Internal Audit Function annually submits to the Board of Directors, through the Internal Control and Risk Committee, an activity Plan - for the relative approval - which indicates the interventions that it intends to perform.

The Plan:
- is based on a methodical analysis of the risks that takes into account all the activities and the entire corporate governance system, as well as the expected developments of the activities and innovations;
- includes all significant activities that are reviewed within a reasonable period of time;
- is defined in order to face unexpected needs;
- takes into account any shortcomings found in the previous checks and any new risks identified.

In particular, the Internal Audit Function defines and formalizes the planning of its activities through a three-year plan. The audit plan includes both operational planning and requests in terms of budget and resources.
The Data Controller communicates the impact of any resource limitations to the Board, also through the Audit and Risk Committee, and Top Management. The audit plan is carried out based on a prioritization of the audit universe. This activity takes place using a "risk based" methodology that also includes the reports of the Board, the Control and Risk Committee, the Board of Statutory Auditors and Top Management.
The Data Controller reviews and supplements the plan in the event of changes to the company business, risks, processes, programs, systems and controls. Each variation is communicated to the Board and Top Management during the periodic reporting phase.
The Function structures the audit plan also taking into account the indications expressed by the Supervisory Body and informs the Supervisory Body about the progress of the plan and the outcome of the activities where aspects inherent to the areas of competence of the Body itself emerge.
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 have become necessary in the face of the emergence of new needs.
The plan is consequently updated by giving notice and specific motivation to the Board of Directors, also through the Control and Risk Committee. Changes to the plan are also communicated to the Supervisory Body.
The Internal Audit function can be entrusted with carrying out assurance interventions, consultancy interventions and project activities.
The assurance interventions have the purpose of expressing an "opinion" on the adequacy of the internal control system and of the additional Governance components as designed and implemented by management.
The consultative interventions have the purpose of providing a preliminary opinion on the implementation by management of the internal control system and other governance components.
Project activities include the participation of the Internal Audit function in corporate projects promoted by other functions or the carrying out of project activities promoted by the function itself. In carrying out the assignment, the independence of the Internal Audit function and compliance with the code of ethics and the standards of the Internal Audit profession promoted by the relevant international bodies must always be safeguarded.
The Holder of the Internal Audit function submits, annually, or in any case when deemed necessary, a Report of the activity to the Board of Directors, also through the Control and Risk Committee which summarizes, in accordance with the Activity Plan, the activity carried out and the verifications carried out, the evaluations carried out, the results emerged, the critical points and shortcomings found and the recommendations made for their removal, as well as the status and timing of implementation of the improvement measures.

In order to guarantee autonomy and independence:

- the Function is established in the form of a specific organizational unit;
- the Board of Directors decides on the following points:

- appointment and revocation of the Function Holder, after consulting the Board of Statutory Auditors and the Control and Risk Committee;
- approval of the Function Policy;
- remuneration of the Function Holder;
- assignment of objectives and assessment of the performance of the Function Holder;
- approval of the function's business plan, resource plan and related budget.

The Control and Risk Committee is involved in the approval processes of the aspects mentioned above. In particular, the appointment of the Head of the Internal Audit Function is proposed by the Chief Executive Officer, after consulting the control body and subject to the favorable opinion of the Control and Risk Committee and of the Nomination and Remuneration Committee. The Holder of the Internal Audit Function hierarchically depends on the Control and Risk Committee, the body of the Board of Directors, and functionally on the Chief Executive Officer.

In order to guarantee the objectivity in carrying out the activities, the Function is free from conditions that prejudice its judgment since:

- formulates its own assessments through rigorous analyzes and in any case deriving from an impartial and bias-free 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 had managerial responsibilities or an operational role in the period analyzed. Appointees exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process under review. Appointees make a balanced assessment of all relevant circumstances and are not influenced in making their judgment by their own interest or the interest of others. The Owner confirms to the Board, on an annual basis, the organizational independence of the Function;
- the remuneration of the members of the Function (including the Owner) is determined, as established in the Remuneration Policy, based on specific objectives of the Function which are consistent with the assigned tasks, 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:

- coordinating the calculation of Non-Life and Life Technical Reserves, also checking consistency between the amounts of technical reserves calculated on the basis of valuation criteria applicable to statutory financial statements and calculations from the application of Solvency II criteria;
- certifying, both for the Statutory Financial Statements and Solvency II, the correctness of procedures used for the assessment of Life and Non-Life Business Technical Reserves, while checking the appropriateness of data used to support the assumptions and the adequacy of methods, models and assumptions used;
- evaluating the general underwriting policies and the reinsurance agreements, also considering the risk appetite, providing specific opinions;
- supporting, when designing a new product (Life or Non-Life Business), the functions in charge of performing quantitative tests and check the assumptions made, assessments performed and the compliance with the Policies at issue;
- analysing the appropriateness of assumptions and models used to calculate the undertaking specific parameters and support the Risk Management in identifying and analysing the corporate risks, with particular regard to the technical risk, the ORSA process and the assessment of the mitigation effect of the risk provided by the reinsurance in the calculation of the Solvency Capital Requirement;
- guaranteeing 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

The Outsourcing Policy has the aim of identifying the criteria to be followed for the outsourcing of the essential or important functions or activities of the company and for the choice of suppliers. The Policy applies to the Company and its Subsidiaries.
The Company may resort to outsourcing its activities or functions to third parties by following the following principles:

- sound and prudent management;
- economy, efficiency and reliability;
- fair remuneration;
- quality and continuity of processes;
- transparency and fairness in the choice of suppliers.

Therefore, the entrustment of a certain activity or function to third party suppliers is allowed only in cases where this is justified:

- from support to "core business";
- its internal development has significant impacts on the corporate organizational system;
- is newly implemented;
- implies the use of skills not available within the Company;
- leads to greater elasticity and structural and / or operational efficiency.

The Company does not resort to the outsourcing of activities or functions when this may lead to the emptying of the Company's activities, an undue increase in operational risk, a reduction in the quality standards and a prejudice to the control activity of the Supervisory Authority.

The Company does not outsource the Basic Functions and the risk-taking activity.
The Company considers all outsourcing of activities or functions to be essential or important, regardless of their nature, if the annual consideration for the supplier for the individual contract exceeds 1 million euro including VAT. They are also considered as essential or important the outsourcing of activities or functions such as:

- ✓ Claims management
- ✓ In cases of outsourcing to third party suppliers:
  - o claims settlement activity (excluding, therefore, the mere administrative / preliminary activity on the same) with decision-making autonomy of more than 3,000 euro per single claim and provided that the same supplier is assigned the annual management of a number greater than 2,000 claims and / or an annual fee in excess of 200,000 euro;
  - o activities relating to the management of requests for access to documents by contractors and injured parties at the conclusion of the procedures for assessing, ascertaining and settling the damages that concern them in the context of civil liability deriving from the movement of motor vehicles and boats and provided that the annual fee paid to the supplier exceeds the annual amount of 500,000 euro.
- ✓ Product design and related pricing.
  If the supplier is entrusted with a decision-making role in the design and development of an insurance product and, in more detail, when, both in the creation of a new product and in the modification of an existing product, the supplier is entrusted with the task of independently determining the elements significant such as, for example, coverage, costs, risks, benefits and guarantees.
- ✓ Investment management
  If the supplier is entrusted with activities that entail the signing of a specific asset management contract which governs the delegation of decision-making power inherent to the choice of investments (the so-called "front office") and the delegation to carry out ancillary administrative activities and accounting (so-called "back / middle office"). The same contract may concern financial assets not exceeding 10% of the total assets managed by the Company valued at historical cost.
- ✓ ORSA process
  If the supplier is entrusted with activities that provide for the formulation of hypotheses and / or the carrying out of analyzes and assessments with the exclusion of:
  - those relating to the mere uploading of data into the calculation systems (so-called "data entry");
  - the possible execution (so-called "run") of the application on the basis of the parameters defined by the Company.
- ✓ Management of Open Pension Fund
  If the supplier is entrusted with activities that include administrative management (so-called administrative service) and, in whole or in part, the financial management of the Open Pension Fund

Contracts for the outsourcing of essential or important activities or functions contain clauses for the assessment of the supplier's level of performance on the basis of shared, objective and measurable indicators (so-called SLAs) with the methods of monitoring and the quantification of penalties in the event of non-compliance, contingency plans, as well as measures (so-called exit strategy) aimed at identifying possible alternatives whose feasibility in terms of costs/benefits is analyzed with the development of specific strategies. Periodic monitoring of the effectiveness of the strategies implemented is envisaged.
On the basis of the policy, Heads of Control Activities for essential or important outsourcing are appointed, who are entrusted with the monitoring of outsourced activities, and Compliance is entrusted with the task of drawing up an annual report for the Board of Directors on the performance of essential or important outsourcing.

B.8 Other information

The Insurance Company considers that the result of its financial management mainly depends more upon the allocation choices among the different available asset classes than upon the selection of specific securities within each asset class. In particular, it considers that it is more efficient and compliant with its investment policy to use financial instruments that are commonly available on the market and can be easily traded such as the ETFs or the mutual investment funds, to realize the stock exposure.

In addition to these instruments, it has invested, over time, in direct equity investments other than those in the real-estate sector and insurance services. These investments refer to some Credit Institutions with which some distribution agreements have been concluded and which, individually, are not significant if compared to Total Investments. Hence, to date, no Policy of Commitment to Transparency towards institutional investors has been defined, just in consideration of the amount of assets managed, the subsequent Asset Allocation and the organizational structure of the Insurance Company.

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 2021, there are no cases of risk transfer through securitization or other Special Purpose Vehicles.

The risk profile of Vittoria Assicurazioni as at 31 December 2021 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.

A summary representation is shown in the following table:

Volatility Adjustment Amount

	31/12/2021	31/12/2020	△ %
Market Risk	524,166	426,327	22.9%
Counterparty Default Risk	49,259	46,340	6.3%
Life Underwriting Risk	35,109	44,186	-20.5%
Health underwriting Risk	38,098	36,452	4.5%
Non-Life underwriting Risk	289,814	291,533	-0.6%
Sum of risk components	**936,446**	**844,838**	**10.8%**
Diversification effects	(237,409)	(230,371)	3.1%
Basic S.C.R.	**699,037**	**614,467**	**13.8%**
Operational Risk	54,451	51,527	5.7%
Tax adjustment	(146,177)	(147,185)	-0.7%
S.C.R.	**607,311**	**518,809**	**17.1%**

The main changes compared to the previous financial year are due to:

- Life underwriting risk: the change is attributable to the reduction in the Lapse sub-module, due to the increase in the discount curve for technical provisions;
- Default risk: increase due to greater exposure to both rated ("Type 1") and unrated ("Type 2") counterparties;
- Market risk: increase mainly due to the equity component, also as a result of the Symmetric Adjustment, which increases capital absorption in times of rising markets;
- Underwriting risk Health and Non-life: the changes reflect the increase in the portfolio offset by the general decline in Undertaking Specific Parameters compared to 2020, particularly in segment 1-NL (Motor Third Party Liability), mainly due to the progressive increase in the credibility factor of the parameters estimated in the model, which represents the weight of the specific volatility of the undertaking parameters observed on the overall index used.

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.

Non-life and health underwriting

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.

Life underwriting

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.
The different components of the market risk, like the Own Funds, take into account the derivative contracts concluded by the Insurance Company. To this end, the outright transaction of long-term treasury bonds (BTP) defined in October to protect the fair value of a portion of the bond portfolio held has impacted on the Own Funds, practically by discounting the change in value of the securities hedged, but with no impact on the market risk calculated with the Standard Formula.

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, 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 2021 it is +6.88%).
Equity investments (in subsidiaries and associates) qualified as strategic may benefit from a lower level of capital absorbtion (22%).
Furthermore, the calculation of the capital absorption took into account the fact that, in the Delegated Acts, "Transitional Measures" on equity risk were introduced which, in order to avoid anomalous increases in market volatility, made it possible to reduce the absorption of capital of equity investments already held on 1 January 2016, including those present in the Funds.
The expected capital absorption for 2016 was 22%, and this percentage is realigned to the ordinary rates (39% for listed instruments, 49% for unlisted) by 2023, with at least a linear progression.

Property 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 Risk
This risk reflects 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 Risk

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.

Based on the foregoing, at 31 December 2020, no investment resulted in a capital absorption for the sub-module in question.

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;
- 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 assesses the risk exposure of certain equity investments based on the risks associated with the activities of its investee subsidiaries.

This assessment applies to investee companies

- whose main objective is to hold and manage assets on behalf of the participating enterprise,
- who carry out investment activities on the basis of a specific and documented investment mandate, and
- do not carry out other significant activities other than investing for the benefit of the participating company.

The Company assessed that the wholly-owned real estate companies comply with the three regulatory requirements.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.

For example, during the Internal Risk and Solvency Assessment (O.R.S.A.), various financial and insurance stress tests were carried out.

The most severe of these, inspired by the same scenarios contained in the Stress Test conducted by EIOPA in 2021 on the European insurance market, is called "Macroeconomic" and expects a sharp decline in risk-free yields, an increase in credit spreads on both corporate and government bonds and severe shocks in the equity and real estate markets, accompanied by underwriting stresses involving instant mass redemption on life policies as well as an increase in mortality rates and higher claims inflation for non-life policies.

The scenario aims to assess market resilience in the event of adverse financial and economic conditions and identify any vulnerabilities. In particular, it aims to assess the effects of the economic consequences of the pandemic, which affect confidence worldwide and prolong the economic contraction.

It should also be remembered that, as occurred in previous years, EIOPA did not classify it as a "pass or fail", the failure to overcome which would have implied the need for a recapitalization.

Further stress scenarios were the following:

- hypothesis of increase in the frequency of R.C. Auto for the following three 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 involved in the protection program;
- hypothesis of worsening of the Company's image, with a consequent reduction in premium income and an increase in advertising costs and operational risks.

The results of the different scenarios have provided comforting guidance. The serious "Macroeconomic" scenario has a Solvency II ratio of 140.8%, lower than the Risk Tolerance defined by the Insurance Company, but higher than Risk Cap at 130%.

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	21,749	-	(21,749)	-
Deferred tax assets	63,131	-	65,882	129,013
Property	151,381	-	79,103	230,484
Participations	407,138	-	(4,869)	402,269
Equities, Bonds and Other investments	3,545,288	-	185,422	3,730,711
Active derivatives	-		2,429	2,429
Assets held for index-linked and unit-linked contracts	195,527	-	-	195,527
Reinsurance recoverables	69,805	-	(19,872)	49,933
Receivables and other assets	439,873	(30,037)	(2)	409,835
Cash and cash equivalents	6,315	-	-	6,315
Total assets	**4,900,207**	**(30,037)**	**286,344**	**5,156,516**

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. The assumptions used to determine the future taxed profit reflect the three-year plan of the Insurance Company which provides for all sectors to be developed, through a constant focus on the underwriting stage, the consolidation of the distribution channels and improvement of their sales efficiency; the organic growth will prioritize the attainment of the technical profit, with focus on the

efficacy of the operational machine and the quality of customer service, with a complete and tailor-made supply by targets, families, small and medium enterprises and Affinity groups.

In particular, it is expected that deferred tax assets, are recovered as follows:

- Within 1 year: 50.7%;
- from 2 to 5 years: 41.1%;
- over 5 years: 8.2%.

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

The assets included in this category are valued at fair value, through alternative methods according to the valuation hierarchy set out above. The evaluation is based on appraisals prepared by independent external experts, based on financial variables, such as the discount rate used, (which incorporates the most recent market data, as well as the cost of capital) and non-financial, such as fees, realization expectations and the relative timing, and through any offers received from market operators. For the purposes of the individual financial statements, properties are valued at the adjusted cost for depreciation, write-downs and any accumulated tax revaluations. The useful life considered for depreciation is fifty years for the registered office and thirty-three years for all the others.
The uncertainty factors in determining the market value of real-estate are mainly due to the accuracy in the estimate of future cash flows, in particular in assuming the sales values, lease rentals and the timeframe for the market to absorb the property to sell and rent, that are subject to assessment.
There are also financial variables such as the capitalization rates and actualization rates of future cash flows inferred from current average conditions of the economic and financial context of the capital market.
To mitigate the level of uncertainty, the independent assessor in charge of that, combines the capitalised-earned method with the comparative procedure, which consists of an analysis aimed at identifying properties recently sold and purchased or offered for sale on the market, comparable by type, construction and location. There are no significant deviations from the results of this comparison.

In accordance with IFRS 16, the property item also includes leased property and equipment net of the related depreciation fund. For this category of assets, the principle provides that an asset must be recognized, which represents the right of use of the leased asset. This item is assessed on the basis of the provisions of art. 75 of the Directive.
The plants and equipment classified in these items have been evaluated in accordance with art. 75 of the Directive.

D. Participation

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 NAV per share published and, if not available, is valued using the last NAV per share available, including instalments or reimbursements issued in the reference period.

The fair value of the units of the Pegasus Real Estate Fund is represented by the NAV determined by the management company.

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 not material value.

The unlisted equity investments mainly refer to the shares held in the company Yam Invest N.V. for which a report prepared by independent experts was used. The fair value determined is equal to 61,762 thousand euro at 31 December 2021.

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 summing the fair value of each individual asset and liability, measured separately, and deducting the holding costs net of the tax effect;
- 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. Active derivatives

The company has a forward sale transaction in place with the aim of hedging against both interest rate risk and credit risk, which involved part of the Italian government securities allocated to the life portfolio for a nominal value of 213,300 thousand euros.

The fair value of over-the-counter (OTC) derivative instruments was determined by recalculating forward prices at year-end market conditions.

For the purposes of the individual financial statements, these hedging instruments are valued in accordance with the principle of consistency of valuation, which requires that any capital losses or gains from valuation be posted to the income statement in line with the corresponding capital gains or losses from valuation on the hedged assets.

Therefore, as of December 31, 2021, no valuation gains/losses are recognized for purposes of the individual financial statements, as the underlying hedged assets relate to investment-grade government securities classified in the Rendimento Mensile segregated Fund.

G. 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.

H. 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.

I. 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.

J. 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.

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.
If the Technical Reserves are replicable from financial instruments, 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 cash 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:

Claims reserve Direct Business (claims reported and IBNR) - net of ULAE (unallocated expenses): for all Homogeneous Risk Groups ("Homogeneous Risk Groups" or HRG) the Run Off triangles are analyzed on the observation date. For HRG which include risks with a longer dismantling horizon (and therefore are more sensitive to management changes and uncertainty in the occurrence of phenomena), four deterministic estimation models have been implemented and integrated (Chain Ladder Paid, Chain Ladder Incurred , Fisher Lange and Bornhuetter Ferguson), properly weighted. For all the other HRG the Chain Ladder Paid and Incurred models were fed and analyzed in December 2021; from the analyzes carried out on settlement speed and on the underlying management factors (such as the possible presence of peak claims), it was found that the models can be used for all HRG; in some of them, a greater weight of the Chain Ladder Incurred was used compared to Paid.
The flow vector thus obtained was discounted to obtain the Best Estimate value of this component.
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.

Claims Reserve – Indirect Business: the amount, given the minimum consistency of this post, was set equal to the local GAAP amounts.

Non-allocated expenses on open claims - direct business (ULAE): the estimate was made by applying a percentage value to the future payment flows estimated for the item Claims reserve Direct Business (claims reported and IBNR); the percentage, on each HRG, was determined by comparing the non-allocated open claims and the local GAAP reserves.

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

Open claims net of the sums to be recovered (retroceded business): this component is estimated by applying to the Best Estimate "Claims reserve Direct Business (claims reported and IBNR)", net of the Best Estimate of the sums to be recovered, the same proportion available, for each HRG, between direct and ceded business available on the sums paid and budgetary reserves (both net of 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 local GAAP data.

Non-Life 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 flow 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.

Cash flow 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 budget Loss Ratios for each HRG is applied. The flow is developed in the future years using, for each HRG the settlement speed found in the estimate models of the item Claims reserve.
- Claims and related expenses estimated for the year(s) following that one of the observations for the contracts in force as at the date and related above mentioned Instalments: the amount is approximated, for each HRG, applying the budget 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 estimate models of the item Claims reserve.
- 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 related expenses linked to receipts on multi-year contracts, in force as at the date of observation, that the Insurance Company is expected 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.
- Acquisition costs linked to receipts on multi-year contracts, in force as at the date of observation, that the Insurance Company is expected to collect from the year following the one of observation. For each HRG, the difference between the Combined Ratio and the budget Loss Ratio (for the share relating to Purchase and Collection Commissions) was applied to the corresponding incoming flow.

Premium reserve – ceded business: Premium reserve 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 corresponding local GAAP amount is used.

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 (propensity to 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, discounts and contractual exceptions, revaluation methods, etc.).

Cash inflows include:
- premiums;
- recoveries arising from the reinsurance (payments and commissions).

Cash outflows include:
- benefits payable for death;
- payment for disability;
- payment for redemption;
- payment 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 by using, as expected annual returns of the underlying assets, the implicit forward rates in the risk-free curve provided by EIOPA.

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 has 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.

<u>Calculation of Non-life Risk Margin</u>
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 directly make 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 relevant date, the applicable SCRs (Non-life, Health, Default Type 1 and Non-life component of the Operational Risk) were calculated and the projected Best Estimates for a run-off were discounted, by assuming that future SCRs decrease compared to the original SCR at the same rate as the Best Estimates decrease.
The future SCRs have been discounted with the Risk-Free curve 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. It was assigned to the LoBs as a proportion of the related (analytical) contribution to the overall SCR of the modules within the scope.

<u>Calculation of the Life Risk Margin</u>
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, SCR Health similar to Life, Life component of Counterparty Risk – Type 1 Reinsurers 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.

As it is about deterministic models, to understand the extent of this uncertainty, a probabilistic range was set by applying the Mack formula to the triangle of payments of the Segment 1-NL and the Segment 5-NL, resulting in a variability of 5.44% and 4.50%, respectively. A similar assessment has been performed on Segments 1-H; 2-H; 2-NL; 4-NL as a whole (which roughly complete the scope of risks whose solvency is assessed with the USPs), resulting in a variability of 6.51%.

The main factors influencing the estimates (and the related recoveries from reinsurers) are the frequency of claims, the settlement speed, the growth and mix of portfolio, the reinsurance policy and the discounting rate curve.

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, as demonstrated by the financial, social and health instability brought about by the current pandemic period.

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 financial year; - Reserves for unexpired risks, calculated by estimating the amount of any risk surplus provided for on the insurance policies in portfolio compared to the pro-rata temporis reserve increased by 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" is 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), not discounted.

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.

<u>Life Business:</u>

<u>Item</u>	<u>Valuation</u>
Mathematical reserves	The life business technical reserves are calculated on the basis of the pure premiums and actuarial assumptions deemed to be appropriate 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 the 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 index.

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	**1,588,511**	**1,770,349**	**(181,838)**
Technical provisions - non-life (excluding health)	**1,534,807**	**1,684,907**	**(150,100)**
Best Estimate	1,462,740	1,684,907	(222,167)
Risk margin	72,067	-	72,067
Technical provisions - health (similar to non-life)	**53,704**	**85,442**	**(31,738)**
Best Estimate	46,589	85,442	(38,853)
Risk margin	7,115	-	7,115

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. Instead, 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		447,830	(119,327)
Premium best Estimate	328,503		
Claims reserve *		1,282,269	(101,443)
Claims best Estimate	1,180,826		
Other technical reserves (aging reserve)		409	(409)
Equalisation reserves		9,805	(9,805)
Risk Margin	79,182		79,182

(*) This item is shown net of accounting item:
Policyholders and third parties for amounts to be recovered, which at 31/12/21 amounted to 30,037 thousand euro

The Best Estimate of the Premium reserve is lower than 26.6% compared to the statutory account value; the same change in the Claim Reserve is -7.9%. The Risk Margin is 5.2% of the Best Estimate.

Item	Solvency II value	Statutory accounts value	Change
			(€/000)
Technical provisions - life	**1,977,475**	**1,885,979**	**91,496**
Technical provisions - health (similar to life)	**12,051**	**5,496**	**6,555**
Best Estimate	10,828	5,496	5,332
Risk margin	1,223	-	1,223
Technical provisions — life (excluding health and index-linked and unit-linked)	**1,793,367**	**1,684,648**	**108,719**
Best Estimate	1,765,335	1,684,648	80,687
Risk margin	28,032	-	28,032
Technical provisions — index-linked and unit-linked	**172,057**	**195,835**	**(23,778)**
Best Estimate	171,255	195,835	(24,580)
Risk margin	802	-	802

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:	1,981,888 thousand euro
Non-life technical reserves:	1,590,272 thousand euro
Net differed tax assets:	5,632 thousand euro

D.3 Other liabilities

(€/000)

Other Liabilities	Statutory accounts value	Reclassifications	Accounting policy differences	Solvency II value
Provisions other than technical provisions	52,546	-	-	52,546
Pension benefit obligations	2,267	-	4,580	6,847
Deposits from reinsurers	6,873	-	-	6,873
Deferred tax liabilities	1,364	-	123,891	125,255
Passive derivatives	-		-	-
Subordinate Liabilities	256,813	-	9,230	266,043
Insurance & intermediaries payables	29,347	-	-	29,347
Reinsurance payables	13,549	-	(4,298)	9,251
Payables to credit institutions	11,238	-	-	11,238
Payables trade - not insurance and other liabilities	-	-	14,533	14,533
Non-insurance payables and other liabilities	133,363	-	-	133,363
Total Other liabilities	**507,360**	-	**147,936**	**655,296**

A. Provisions other than technical provisions

The item includes the provisions 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 benefit obligations

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: 1.20%
- Annual technical discount rate
  (for the purpose of calculating severance indemnity) 0.44%
- Annual technical discounting rate
  (for the purpose of calculating seniority and health services) 0.44%
- Annual rate of severance indemnity increase 2.40%
- Annual rate of growth of remuneration
  (for the purpose of calculating seniority services) 2.20%
- Annual rate of growth of the average reimbursement
  (for the purpose of calculating health services) 1.20%

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

C. Subordinated liabilities

This liability is valued at market value, excluding the price fluctuations attributable to changes in the creditworthiness of the Issuer.
For individual financial statement purposes, liabilities that fall into this category are expressed at face value.

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. Payables trade - not insurance and other liabilities

The item includes, in accordance with IFRS 16, the leasing liabilities corresponding to the present value of the payments due for the leasing contracts not paid at the balance sheet date. The payments due for the leasing are discounted using the marginal financing rate calculated by the Company deriving from the application of a single rate curve; this curve contains the risk free and an estimate of the Company's credit risk (different rate corresponding to the residual maturity with a 10-year cap). This item is assessed in accordance with art. 75 of the decree.
There are no significant potential liabilities

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 2021

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)

	31/12/21	31/12/20	Change	Tier SII
Ordinary share capital	67,379	67,379	0	Tier 1
Share premium	13,419	13,419	0	Tier 1
Reconciliation reserve before dividends	850,678	697,242	153,436	Tier 1
Net deferred tax assets	3,758	30,310	(26,552)	Tier 3
Solvency II excess of assets over liabilities	**935,234**	**808,350**	**126,884**	**n.a.**
Foreseeable dividends, distributions and charges*	(30,417)	(30,417)	0	Tier 1
Elimination of deferred tax assets	0	(30,310)	30,310	Tier 3
Inclusion of the eligible subordinated loan tranche	266,043	259,405	6,638	Tier 2
Solvency II eligible own funds to meet Solvency Capital Requirement	**1,170,860**	**1,007,028**	**163,832**	**n.a.**

* Data calculated assuming a dividend of 0.47 euro per share

At 31 December 2021 the share capital was made up of no. 64,717,464 ordinary registered shares with no expressed nominal value, subject to the dematerialisation regime and introduced into the centralized management system of financial instruments. The share premium reserve represents the amount of the excess of the issue price of the shares over their par value.
Eligible own funds benefit from the eligibility of Tier 3 elements as a result of compliance with the limits, as further described below.
The composition of the reconciliation reserve is shown below.

The table below shows the composition of the reconciliation reserve which, as required by the regulations, relates only to the funds allocable to Tier 1:

Reconciliation reserve (€/000)

	31/12/21	31/12/20	Change
Earnings reserves	637,527	565,894	71,633
Revaluation reserve	18,193	18,193	-
Net deferred tax assets	(3,758)	(30,310)	26,552
Solvency II evaluation differences	198,716	143,466	55,250
Reconciliation reserve before dividends	**850,678**	**697,243**	**153,435**

The Earnings-related reserve includes:

- Legal reserve of 13,476 thousand euro;
- Available reserve of 522,000 thousand euro;

- Year's earnings of 102,051 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)

	31/12/21	31/12/20	Change
Tier 1- unrestricted	901,059	747,623	153,436
Tier 2	266,043	259,405	6,638
Tier 3	3,758	-	3,758
Total eligible own funds to meet SCR	**1,170,860**	**1,007,028**	**163,832**
Tier 2 not eligible own funds to meet MCR	(211,385)	(212,712)	1,327
Tier 3 not eligible own funds to meet MCR	(3,758)	0	(3,758)
Total eligible own funds to meet MCR	**955,717**	**794,316**	**161,401**

Tier 2 elements consist of the Subordinated Loan issued by the Company, which has the following characteristics:

- Nominal Amount: Euro 250,000,000
- Issuing date: 11 July 2018
- Expiry date: 11 July 2028
- Interest rate: 5.75% per annum
- Listing Exchange: Ireland (Euronext Dublin)
- Coupon frequency: annual
- Coupon subordination: coupon payment is suspended if it does not cover the Solvency Capital Requirement.
- Subordination of capital: if the Solvency Capital Requirement is not covered, the repayment of the capital is suspended unless specifically authorized by the Supervisory Institute; Supervisory authorization is still required for repayment at maturity, even in the case of coverage of the Solvency Capital Requirement.
- Early repayment options: as well as the repurchase of the Loan by the Company, the early repayment must be authorized by the Supervisory Institute, and can take place following changes:
    - of tax legislation which, for example, make interest expense, or gross-up, non-deductible, or that place the debts originally due by the bondholder on the debtor;
    - insurance regulations which, for example, exclude the Subordinated Loan from eligible Own Means;
    - the methodologies for assigning the rating which, under the same real conditions, entail a worsening of the characteristics of the Equity Credit (the extent to which a financial instrument is eligible for an ordinary share) originally attributed to the loan.

Tier 3 elements consist of the balance between deferred tax assets and deferred tax liabilities and at 31 December 2021 they are 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 elements, 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)

	31/12/21	31/12/20	Change
A) Shareholders' Equity Local GAAP	**736,518**	**664,884**	**71,634**
Reconciliation reserve:			
Unrealised capital gains on financial Investments and properties net of liabilities IFRS 16	247,552	277,935	(30,383)
Intangible assets write-off	(21,749)	(10,173)	(11,576)
Technical provisions non-life valued at a lower value	151,801	138,723	13,078
Technical provisions life valued at a higher value	(91,496)	(198,701)	107,205
Reinsurance recoverables valued at a lower value	(15,573)	(12,999)	(2,574)
Pension benefit obligations	(4,580)	(4,648)	68
Subordinated loan - Fair value adjustment	(9,230)	(17,717)	8,487
Tax effect	(58,009)	(28,954)	(29,055)
B) Total reconciliation reserve	**198,716**	**143,466**	**55,250**
C) Solvency II excess of assets over liabilities (A+B)	**935,234**	**808,350**	**126,884**
D) Elimination of net deferred tax assets (not eligible for coverage)	0	(30,310)	30,310
E) Eligible tranche of subordinated loan (Tier 2)	266,043	259,405	6,638
F) Dividends declared or expected	(30,417)	(30,417)	0
Solvency II eligible own funds (C+D)	**1,170,860**	**1,007,028**	**163,832**

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

The reconciliation reserve of 198,716 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 net of dividends at 31/12/2020	**1,007,028**	**n.a.**
Dividend distributed	(30,417)	n.a.
2021 Net profit	102,050	Tier 1
Change unrealised capital gains on financial Investments and properties	(30,382)	Tier 1
Change in intangible assets	(11,576)	Tier 1
Technical provisions non-life valued at a lower value	13,078	Tier 1
Technical provisions life valued at a higher value	107,205	Tier 1
Reinsurance recoverables valued at a lower value	(2,574)	Tier 1
Pension benefit obligations	69	Tier 1
Subordinated loan - Adjustment to fair value	8,487	Tier 2
Tax effect	(29,057)	Tier 3
Change in deferred tax assets not eligible for coverage	30,310	Tier 3
Eligible portion of subordinated loan	6,638	Tier 2
Own funds net of dividends at 31/12/2021	**1,170,860**	**n.a.**
Change in Own Funds	**163,832**	**n.a.**

Change in unrealised capital gains on financial Investments and properties

The total financial and real estate investments net of the liabilities arising from the application of IFRS16, shows in aggregate a negative change in unrealised capital gains, compared to FY 2020, of 30,382 thousand euros. The performance of the bond market characterized this result: the 10-year yield on government bonds in fact rose, returning to the levels reached during 2019. The changed attitude of central banks regarding the maintenance of expansionary monetary policies due to the ongoing economic recovery and inflationary expectations have actually led to an increase in nominal yields of both the government and corporate segments. On the other hand, equity instruments, and equity collective investment schemes, benefited from the restart of the economic cycle. The trend in corporate profits confirms the solidity of the economic expansion phase, which is, however, still characterized by the continuing imbalance between the demand and supply of goods and services. In addition, the result was influenced by the sale of the property known as "Casa Milan" in the first quarter of 2021, which generated a capital gain of 14,077 thousand euro.

Change in Non-Life technical provisions

Overall, the difference between the Technical Reserves and the Local GAAP Reserves between 2020 and 2021 increased in absolute value, from 138,723 thousand euro to 151,801 thousand euro and consequently increasing the benefit in the transition from the principles Local GAAP to Solvency II ones; the entity of this change is reduced by the effect of the reduction of the discount curve between the two periods observed, the benefit of which can be estimated at 24,208 thousand euro.

Excluding the effect of the curve, the difference between the 2021 and 2020 values can be summarized as follows:

- As regards BE Premiums, the difference compared to the valuation of December 2020 is mainly due to the change observed on the technical trends of the underlying risks: in particular, a slight deterioration is observed across the Health Segments; for Segment 1-NL, the deterioration observed on the loss ratio leads to a realignment with 2019 pre-pandemic data. On Segments 4-NL and 5-NL, an improvement in the technical ratio is observed;
- As regards the BE Claims, the change is attributable to the normal variability of the valuation conducted through models, as well as to the prudence margin incorporated in the long tail branches, which in BE valuations must

not be totally included; in any case, the year-on-year changes in the claims BE are consistent with those of the Local GAAP reserves.

Change in Life technical reserves

Overall, the difference between the Technical Reserves and the Local GAAP Reserves between 2020 and 2021 has decreased significantly, going from around 198,701 thousand Euro to around 91,496 thousand Euro, consequently decreasing the increase in the transition from the Local GAAP principles to those Solvency II. This change is entirely attributable to the effect of the increase of the discount curve between the two periods observed, whose benefit is estimated at 101,312 thousand euro.

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 objectives set.
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.

Verification and classification of the Own Funds

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 unmistakable definition of the Own Funds in terms of subordination, availability, duration, convertibility, constraints etc.

Capital monitoring

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:

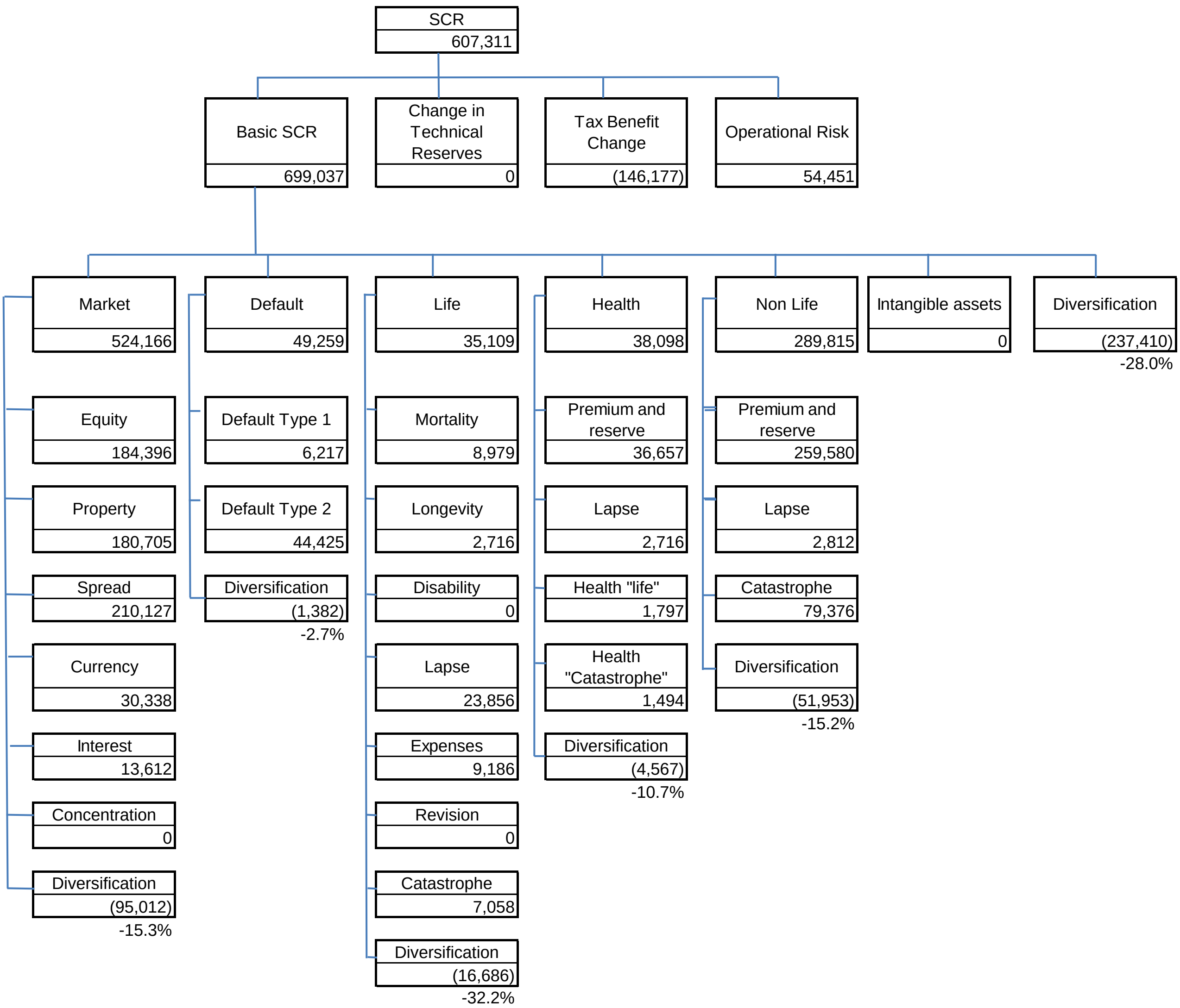
- Reduction or deletion of the distribution of dividends;
- Issuance of subordinated loans;
- Capital increases.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

As at 31.12.2021, the Solvency Capital Requirement (SCR) accounts for 607,311 thousand euro, while the Minimum Capital Requirement (MCR) accounts for 273,290 thousand euro.

Related composition is as follows:

S.C.R. 31.12.2021 - V.A. scenarios with USP **(€/000)**



As required by law, it should be noted that:

- there are no assessments of the SCR 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 Written 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)

	31/12/2021	
	Volatility Adjustment	**Risk free**
Market Risk	524,166	524,359
Counterparty Default Risk	49,259	49,364
Life Underwriting Risk	35,109	35,664
Health underwriting Risk	38,098	38,104
Non-Life underwriting Risk	289,814	289,929
Sum of risk components	**936,446**	**937,420**
Diversification effects	(237,409)	(237,934)
Basic S.C.R.	**699,037**	**699,486**
Operational Risk	54,451	54,524
Tax adjustment	(146,177)	(146,278)
S.C.R.	**607,311**	**607,732**
Tier 1	901,059	894,979
Tier 2	266,043	266,043
Tier 3	3,758	5,632
Eligible own funds to meet Solvency Capital Requirement	**1,170,860**	**1,166,654**
SOLVENCY II RATIO	**192.8%**	**192.0%**

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

E.3 Use 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 thousand euro)

Vittoria Assicurazioni S.p.A.

S.02.01.02 - Balance sheet

		Solvency II value
Assets		C0010
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	129,012
Pension benefit surplus	**R0050**	
Property, plant & equipment held for own use	**R0060**	130,591
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	4,235,301
Property (other than for own use)	**R0080**	99,894
Holdings in related undertakings, including participations	**R0090**	402,268
Equities	**R0100**	125,837
Equities - listed	**R0110**	40,374
Equities - unlisted	**R0120**	85,463
Bonds	**R0130**	2,672,669
Government Bonds	**R0140**	2,001,064
Corporate Bonds	**R0150**	671,606
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	932,204
Derivatives	**R0190**	2,429
Deposits other than cash equivalents	**R0200**	-
Other investments	**R0210**	
Assets held for index-linked and unit-linked contracts	**R0220**	195,527
Loans and mortgages	**R0230**	18,296
Loans on policies	**R0240**	249
Loans and mortgages to individuals	**R0250**	2,398
Other loans and mortgages	**R0260**	15,650
Reinsurance recoverables from:	**R0270**	49,934
Non-life and health similar to non-life	**R0280**	47,991
Non-life excluding health	**R0290**	47,958
Health similar to non-life	**R0300**	33
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	1,943
Health similar to life	**R0320**	2,862
Life excluding health and index-linked and unit-linked	**R0330**	(919)
Life index-linked and unit-linked	**R0340**	
Deposits to cedants	**R0350**	-
Insurance and intermediaries receivables	**R0360**	224,815
Reinsurance receivables	**R0370**	5,230
Receivables (trade, not insurance)	**R0380**	118,437
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**	6,315
Any other assets, not elsewhere shown	**R0420**	43,058
Total assets	**R0500**	5,156,516

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

		Solvency II value
Liabilities		C0010
Technical provisions - non-life	**R0510**	1,588,511
Technical provisions - non-life (excluding health)	**R0520**	1,534,807
Technical provisions calculated as a whole	**R0530**	
Best Estimate	**R0540**	1,462,740
Risk margin	**R0550**	72,067
Technical provisions - health (similar to non-life)	**R0560**	53,704
Technical provisions calculated as a whole	**R0570**	
Best Estimate	**R0580**	46,589
Risk margin	**R0590**	7,115
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	1,805,418
Technical provisions - health (similar to life)	**R0610**	12,051
Technical provisions calculated as a whole	**R0620**	-
Best Estimate	**R0630**	10,828
Risk margin	**R0640**	1,223
Technical provisions - life (excluding health and index-linked and unit-linked)	**R0650**	1,793,367
Technical provisions calculated as a whole	**R0660**	-
Best Estimate	**R0670**	1,765,335
Risk margin	**R0680**	28,032
Technical provisions - index-linked and unit-linked	**R0690**	172,057
Technical provisions calculated as a whole	**R0700**	-
Best Estimate	**R0710**	171,255
Risk margin	**R0720**	802
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	
Provisions other than technical provisions	**R0750**	52,546
Pension benefit obligations	**R0760**	6,847
Deposits from reinsurers	**R0770**	6,873
Deferred tax liabilities	**R0780**	125,255
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	11,238
Financial liabilities other than debts owed to credit institutions	**R0810**	14,533
Insurance & intermediaries payables	**R0820**	29,347
Reinsurance payables	**R0830**	9,251
Payables (trade, not insurance)	**R0840**	74,556
Subordinated liabilities	**R0850**	266,043
Subordinated liabilities not in Basic Own Funds	**R0860**	-
Subordinated liabilities in Basic Own Funds	**R0870**	266,043
Any other liabilities, not elsewhere shown	**R0880**	58,807
Total liabilities	**R0900**	4,221,282
Excess of assets over liabilities	**R1000**	935,234

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**				Total
		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	
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0110**	**C0120**	**C0130**	**C0140**	**C0150**	**C0160**	**C0200**
Premiums written																		
Gross - Direct Business	**R0110**	21,737	98,006	-	693,576	153,232	6,290	144,453	85,804	3,556	8,104	32,828	15,859					1,263,445
Gross - Proportional reinsurance accepted	**R0120**	-	-	-	-	-	-	1	73	-	-	25	-					99
Gross - Non-proportional reinsurance accepted	**R0130**																	
Reinsurers' share	**R0140**	65	557	-	1,315	9,457	207	17,150	928	2,007	5,719	14,043	184					51,631
Net	**R0200**	21,673	97,448	-	692,261	143,776	6,083	127,304	84,949	1,549	2,385	18,810	15,676	-	-	-		1,211,914
Premiums earned																		
Gross - Direct Business	**R0210**	21,252	97,172	-	696,634	148,527	6,229	133,726	83,720	3,814	7,801	32,053	15,532					1,246,459
Gross - Proportional reinsurance accepted	**R0220**	-	-	-	-	-	-	1	74	-	-	22	-					98
Gross - Non-proportional reinsurance accepted	**R0230**																	
Reinsurers' share	**R0240**	57	559	-	1,315	9,457	210	16,853	968	2,052	5,579	13,417	179					50,645
Net	**R0300**	21,196	96,613	-	695,319	139,070	6,019	116,874	82,827	1,762	2,222	18,659	15,352	-	-	-		1,195,913
Claims incurred																		
Gross - Direct Business	**R0310**	9,811	26,930	-	487,753	70,189	4,032	76,613	32,778	2,898	1,842	8,327	336					721,508
Gross - Proportional reinsurance accepted	**R0320**	-	-	-	1	-	-	-	(22)	-	-	10	-					(11)
Gross - Non-proportional reinsurance accepted	**R0330**																	
Reinsurers' share	**R0340**	(79)	(327)	-	205	12,482	(41)	14,905	(52)	1,131	1,648	7,731	32					37,636
Net	**R0400**	9,890	27,257	-	487,549	57,707	4,072	61,708	32,808	1,766	193	607	304	-	-	-		683,861
Changes in other technical provisions																		
Gross - Direct Business	**R0410**	-	-	-	-	456	9	361	-	-	-	-	-					825
Gross - Proportional reinsurance accepted	**R0420**	-	-	-	-	-	-	-	-	-	-	-	-					-
Gross - Non- proportional reinsurance accepted	**R0430**																	
Reinsurers'share	**R0440**																	
Net	**R0500**	-	-	-	-	456	9	361	-	-	-	-	-	-	-	-		826
Expenses incurred	**R0550**	7,848	35,489	-	168,744	48,832	2,056	55,398	30,999	1,963	(953)	9,967	4,525	-	-	-		364,868
Other expenses	**R1200**																	23,361
Total expenses	**R1300**																	388,229

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

		Line of Business for: **life insurance obligations**						**Life reinsurance obligations**		Total
		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	
		C0210	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**	**C0270**	**C0280**	**C0300**
Premiums written										
Gross	**R1410**	1,729	235,092	74,188	16,252	-	-	-	-	327,260
Reinsurers' share	**R1420**	1,282	-	-	546	-	-	-	-	1,828
Net	**R1500**	446	235,092	74,188	15,706	-	-	-	-	325,432
Premiums earned										
Gross	**R1510**	-	-	-	-	-	-	-	-	-
Reinsurers' share	**R1520**	-	-	-	-	-	-	-	-	-
Net	**R1600**	-	-	-	-	-	-	-	-	-
Claims incurred										
Gross	**R1610**	71	85,581	9,546	14,936	-	-	-	-	110,134
Reinsurers' share	**R1620**	(46)	-	-	-	-	-	-	-	(45)
Net	**R1700**	117	85,581	9,546	14,936	-	-	-	-	110,180
Changes in other technical provisions										
Gross	**R1710**	-	-	-	-	-	-	-	-	-
Reinsurers' share	**R1720**									
Net	**R1800**	-	-	-	-	-	-	-	-	-
Expenses incurred	**R1900**	(341)	15,272	5,476	280	-	-	-	-	20,686
Other expenses	**R2500**									(1,318)
Total expenses	**R2600**									19,368

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

		Home Country	Total Top 5 and home country
		C0010	C0070
	R0010		
		C0080	C0140
Premiums written			
Gross - Direct Business	R0110	1,263,445	1,263,445
Gross - Proportional reinsurance accepted	R0120	99	99
Gross - Non-proportional reinsurance accepted	R0130		
Reinsurers' share	R0140	51,631	51,631
Net	R0200	1,211,914	1,211,914
Premiums earned			
Gross - Direct Business	R0210	1,246,459	1,246,459
Gross - Proportional reinsurance accepted	R0220	98	98
Gross - Non-proportional reinsurance accepted	R0230		
Reinsurers' share	R0240	50,645	50,645
Net	R0300	1,195,913	1,195,913
Claims incurred			
Gross - Direct Business	R0310	721,508	721,508
Gross - Proportional reinsurance accepted	R0320	(11)	(11)
Gross - Non-proportional reinsurance accepted	R0330		
Reinsurers' share	R0340	37,636	37,636
Net	R0400	683,861	683,861
Changes in other technical provisions			
Gross - Direct Business	R0410	825	825
Gross - Proportional reinsurance accepted	R0420	-	-
Gross - Non- proportional reinsurance accepted	R0430		
Reinsurers' share	R0440		
Net	R0500	825	825
Expenses incurred	R0550	364,868	364,868
Other expenses	R1200		23,361
Total expenses	R1300		388,229

		Home Country	Total Top 5 and home country
			C0210
	R1400		
			C0280
Premiums written			
Gross	R1410	327,260	327,260
Reinsurers' share	R1420	1,828	1,828
Net	R1500	325,432	325,432
Premiums earned			
Gross	R1510	-	-
Reinsurers' share	R1520	-	-
Net	R1600	-	-
Claims incurred			
Gross	R1610	110,134	110,134
Reinsurers' share	R1620	(45)	(45)
Net	R1700	110,180	110,180
Changes in other technical provisions			
Gross	R1710	-	-
Reinsurers' share	R1720		
Net	R1800	-	-
Expenses incurred	R1900	20,686	20,686
Other expenses	R2500		(1,318)
Total expenses	R2600		19,368

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**	1,766,246			171,255			-911			1,936,590			10,828			10,828
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	-						-919			-919			2,862			2,862
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	1,766,246		-	171,255		-	8	-	-	1,937,509		-	7,966	-	-	7,966
Risk Margin	**R0100**	19,857	802			8,175					28,834	1,223					1,223
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	**R0110**																
Best estimate	**R0120**																
Risk margin	**R0130**																
Technical provisions - total	**R0200**	1,786,103	172,057			7,264					1,965,424	12,051					12,051

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	3,145	8,442		205,046	40,316	1,884	52,466	14,144	2,212	(398)	2,386	(1,140)					328,503
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	(4)	(25)		-	4	-	238	149	1,302	(541)	435	(27)					1,531
Net Best Estimate of Premium Provisions	R0150	3,149	8,467	-	205,046	40,312	1,884	52,228	13,995	910	143	1,951	(1,113)	-	-	-	-	326,972
Claims provisions																		
Gross	R0160	5,360	29,642		892,655	26,113	6,684	50,613	135,429	26,321	4,466	2,391	1,152					1,180,826
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	35	28		18	8,391	2,969	10,159	3,081	15,846	3,855	2,085	(7)					46,460
Net Best Estimate of Claims Provisions	R0250	5,325	29,614	-	892,637	17,722	3,715	40,454	132,348	10,475	611	306	1,159	-	-	-	-	1,134,366
Total Best estimate - gross	R0260	8,505	38,084		1,097,701	66,428	8,568	103,079	149,573	28,533	4,068	4,777	12					1,509,329
Total Best estimate - net	R0270	8,474	38,081	-	1,097,683	58,034	5,599	92,682	146,343	11,385	754	2,257	46	-	-	-	-	1,461,338
Risk margin	R0280	874	6,241		36,652	7,517	682	16,399	7,203	1,275	119	680	1,542					79,183
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	9,379	44,325		1,134,353	73,945	9,250	119,478	156,776	29,808	4,187	5,457	1,554					1,588,512
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	31	3	-	18	8,395	2,969	10,397	3,230	17,148	3,314	2,520	(34)	-	-	-	-	47,991
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	9,348	44,322	-	1,134,335	65,551	6,281	109,081	153,546	12,660	873	2,937	1,588	-	-	-	-	1,540,521

Total Non-Life Business

Accident year / Underwriting year	Z0020	1

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

	Year	0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											7,358
N-9	R0160	187,966	124,899	46,586	23,648	17,463	14,933	11,436	6,498	4,938	1,557	
N-8	R0170	202,399	142,009	50,911	21,821	14,375	15,539	6,861	3,999	9,411		
N-7	R0180	219,246	154,614	48,580	16,362	11,254	8,132	6,509	9,720			
N-6	R0190	246,305	168,218	56,059	29,578	17,763	12,379	10,185				
N-5	R0200	264,218	185,895	54,231	22,914	12,103	11,066					
N-4	R0210	301,168	197,241	62,210	25,795	15,793						
N-3	R0220	316,602	200,221	52,457	20,276							
N-2	R0230	328,795	217,734	72,771								
N-1	R0240	258,919	153,748									
N	R0250	300,534										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	7,358	1,494,040
	R0160	1,557	439,924
	R0170	9,411	467,324
	R0180	9,720	474,416
	R0190	10,185	540,489
	R0200	11,066	550,427
	R0210	15,793	602,207
	R0220	20,276	589,556
	R0230	72,771	619,300
	R0240	153,748	412,667
	R0250	300,534	300,534
Total	R0260	612,421	6,490,886

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											51,845
N-9	R0160					70,485	51,307	37,663	30,537	24,926	24,985	
N-8	R0170				98,696	79,078	50,736	42,093	33,446	27,237		
N-7	R0180			123,312	90,209	70,431	55,871	45,394	38,691			
N-6	R0190		196,483	135,919	103,818	83,188	67,155	56,440				
N-5	R0200	383,262	179,459	130,016	98,703	78,730	65,774					
N-4	R0210	410,797	191,558	139,137	110,119	93,271						
N-3	R0220	436,760	197,841	134,301	108,869							
N-2	R0230	431,696	200,580	130,810								
N-1	R0240	363,466	155,531									
N	R0250	427,577										

		Year end (discounted data)
		C0360
	R0100	52,108
	R0160	25,048
	R0170	27,287
	R0180	38,699
	R0190	56,463
	R0200	65,752
	R0210	93,110
	R0220	108,605
	R0230	130,453
	R0240	155,214
	R0250	428,086
Total	R0260	1,180,826

S.22.01.21 Impact of long term guarantees and transitional measures

		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	3,565,986	0	0	6,175	0
Basic own funds	R0020	1,170,860	0	0	(4,206)	0
Eligible own funds to meet Solvency Capital Requirement	R0050	1,170,860	0	0	(4,206)	0
Solvency Capital Requirement	R0090	607,311	0	0	420	0
Eligible own funds to meet Minimum Capital Requirement	R0100	955,717	0	0	(6,042)	0
Minimum Capital Requirement	R0110	273,290	0	0	189	0

		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	67,379	67,379			
Share premium account related to ordinary share capital	R0030	13,419	13,419			
Initial 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	820,261	820,261			
Subordinated liabilities	R0140	266,043			266,043	
An amount equal to the value of net deferred tax assets	R0160	3,758				3,758
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	1,170,860	901,059	-	266,043	3,758
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	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Total ancillary own funds	R0400				0	0
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	1,170,860	901,059	0	266,043	3,758
Total available own funds to meet the MCR	R0510	1,167,102	901,059	0	266,043	
Total eligible own funds to meet the SCR	R0540	1,170,860	901,059	0	266,043	3,758
Total eligible own funds to meet the MCR	R0550	955,717	901,059	0	54,658	
SCR	R0580	607,311				
MCR	R0600	273,290				
Ratio of Eligible own funds to SCR	R0620	192.80%				
Ratio of Eligible own funds to MCR	R0640	349.70%				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	935,234	
Own shares (held directly and indirectly)	R0710	-	
Foreseeable dividends, distributions and charges	R0720	30,417	
Other basic own fund items	R0730	84,556	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740		
Reconciliation reserve	R0760	820,261	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	R0770	19,134	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	28,387	
Total Expected profits included in future premiums (EPIFP)	R0790	47,521	

S.25.01.21 Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	524,166		
Counterparty default risk	R0020	49,259		
Life underwriting risk	R0030	35,109	None	
Health underwriting risk	R0040	38,098	Standard deviation for non-life premium risk - Standard deviation for non-life reserve risk	
Non-life underwriting risk	R0050	289,814	Standard deviation for non-life premium risk - Standard deviation for non-life reserve risk	
Diversification	R0060	(237,410)		
Intangible asset risk	R0070	-		
Basic Solvency Capital Requirement	R0100	699,037		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	54,451
Loss-absorbing capacity of technical provisions	R0140	-
Loss-absorbing capacity of deferred taxes	R0150	(146,177)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	-
Solvency capital requirement excluding capital add-on	R0200	607,311
Capital add-on already set	R0210	-
Solvency capital requirement	R0220	607,311
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	

Approach to tax rate

		Yes/No
		C0109
Approach based on average tax rate	R0590	No

Calculation of loss absorbing capacity of deferred taxes

		LAC DT
		C0130
LAC DT	R0640	(146,177)
LAC DT justified by reversion of deferred tax liabilities	R0650	-
LAC DT justified by reference to probable future taxable profit	R0660	(146,177)
LAC DT justified by carry back, current year	R0670	-
LAC DT justified by carry back, future years	R0680	-
Maximum LAC DT	R0690	

		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	240,478	0

		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	8,475	21,244	0	0
Income protection insurance and proportional reinsurance	R0030	38,081	97,877	0	0
Workers' compensation insurance and proportional reinsurance	R0040	-	-	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	1,097,682	692,261	0	0
Other motor insurance and proportional reinsurance	R0060	58,033	143,776	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	5,599	6,071	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	92,683	127,305	0	0
General liability insurance and proportional reinsurance	R0090	146,343	84,961	0	0
Credit and suretyship insurance and proportional reinsurance	R0100	11,385	1,588	0	0
Legal expenses insurance and proportional reinsurance	R0110	754	2,385	0	0
Assistance and proportional reinsurance	R0120	2,258	18,810	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	45	15,636	0	0
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	0	68,817

		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			1,739,582	
Obligations with profit participation - future discretionary benefits	R0220			26,664	
Index-linked and unit-linked insurance obligations	R0230			171,255	
Other life (re)insurance and health (re)insurance obligations	R0240			7,974	
Total capital at risk for all life (re)insurance obligations	R0250				6,389,234

Overall MCR calculation

		C0130
Linear MCR	R0300	309,295
SCR	R0310	607,311
MCR cap	R0320	273,290
MCR floor	R0330	151,828
Combined MCR	R0340	273,290
Absolute floor of the MCR	R0350	7,400

		C0130
Minimum Capital Requirement	R0400	273,290

Notional non-life and life MCR calculation		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	R0500	240,478	68,817
Notional SCR excluding add-on (annual or latest calculation)	R0510	472,187	135,124
Notional MCR cap	R0520	212,484	60,806
Notional MCR floor	R0530	118,047	33,781
Notional Combined MCR	R0540	212,484	60,806
Absolute floor of the notional MCR	R0550	3,700	3,700
Notional MCR	R0560	212,484	60,806

Report of Independent auditors

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Independent auditors' report pursuant to article 47-septies.7 of Legislative decree no. 209 of 7 September 2005 and article 4.1.a)/b) of IVASS regulation no. 42 of 2 August 2018

To the board of directors of
Vittoria Assicurazioni S.p.A.

Opinion

We have audited the following parts of the 2021 Solvency and financial condition report (the "SFCR") of Vittoria Assicurazioni S.p.A. (the "company"), prepared in accordance with article 47-septies of Legislative decree no. 209 of 7 September 2005:

- the "S.02.01.02 Balance sheet" and "S.23.01.01 Own funds" templates (the "MVBS and OF templates");
- the "D. Valuation for solvency purposes" and "E.1. Own funds" sections (the "related disclosures").

Our procedures did not cover:

- the technical provision components relating to the risk margin (items R0550, R0590, R0640, R0680 and R0720) of the "S.02.01.02 Balance sheet" template;
- the solvency capital requirement (item R0580) and minimum capital requirement (item R0600) of the "S.23.01.01 Own funds" template,

which are, therefore, excluded from our opinion.

The templates and disclosures as a whole, with the exclusions set out above, make up the "MVBS and OF templates and related disclosures".

In our opinion, the MVBS and OF templates and related disclosures included in the 2021 SFCR of Vittoria Assicurazioni S.p.A. have been prepared, in all material respects, in accordance with the applicable European Union provisions and the Italian sector legislation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the MVBS and OF templates and related disclosures*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards of the International Code of Ethics for Professional Accountants (including International Independence Standards, the "IESBA Code") issued by the International Ethics Standards Board for Accountants applicable to audits of MVBS and OF templates and related disclosures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Basis of preparation, purposes and restriction on use

We draw attention to section "D. Valuation for solvency purposes" which describes the basis of preparation. The MVBS and OF templates and related disclosures have been prepared in accordance with the applicable European Union provisions and the Italian sector legislation for the solvency supervisory reporting purposes, therefore using a special purpose reporting framework. As such, they cannot be used for any other purposes. We did not qualify our opinion in this respect.

Other matters

The company prepared its separate financial statements as at and for the year ended 31 December 2021 in accordance with the Italian regulations governing their preparation. We audited those separate financial statements and issued our audit report thereon on 6 April 2022.

The company prepared the "S.25.01.21 Solvency capital requirements for undertakings on standard formula" and "S.28.02.01 Minimum capital requirement - both life insurance and non-life insurance activity" templates and the related disclosures presented in the "E.2 Solvency capital requirement and minimum capital requirement" section of the accompanying SFCR in accordance with the applicable European Union provisions, the Italian sector legislation and the company-specific parameters. We reviewed them in conformity with article 4.1.c) of IVASS regulation no. 42 of 2 August 2018. As a result of our review, we issued the review report carrying today's date and attached to the SFCR.

The MVBS and OF templates and related disclosures included in the 2020 SFCR of Vittoria Assicurazioni S.p.A. were audited by other auditors, who expressed their unqualified opinion thereon on 7 April 2021.

Other information presented in the SFCR

The directors are responsible for the preparation of the other information presented in the SFCR in accordance with the Italian regulations governing its preparation.

The other information presented in the SFCR comprises:

- the "S.05.01.02 Premiums, claims and expenses by line of business", "S.05.02.01 Premiums, claims and expenses by country", "S.12.01.02 Life and health SLT technical provisions", "S.17.01.02 Non-life technical provisions", "S.19.01.21 Non-life insurance claims", "S.22.01.21 Impact of long-term guarantees and transitional measures", "S.25.01.21 Solvency capital requirements for undertakings on standard formula" and "S.28.02.01 Minimum capital requirement - both life and non-life insurance activity" templates;
- the "A. Business and performance", "B. System of governance", "C. Risk profile", "E.2. Solvency capital requirement and minimum capital requirement", "E.3. Utilization of the equity risk sub-module based on the duration in the SCR calculation", "E.4. Differences between the standard formula and the internal model", "E.5. Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirement", "E.6.Other information" sections.

Our opinion on the MVBS and OF templates and related disclosures does not extend to the other information.

In connection with our audit of the MVBS and OF templates and related disclosures, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the MVBS and OF templates and related disclosures, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the MVBS and OF templates and related disclosures

The directors are responsible for the preparation of the MVBS and OF templates and related disclosures in accordance with the Italian regulations governing their preparation and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of MVBS and OF templates and related disclosures that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the MVBS and OF templates and related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the MVBS and OF templates and related disclosures

The objectives of our audit are to obtain reasonable assurance about whether the MVBS and OF templates and related disclosures as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these MVBS and OF templates and related disclosures.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the MVBS and OF templates and related disclosures, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit of the MVBS and OF templates and related disclosures in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates made by the directors and related disclosures;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Milan, 7 April 2022

KPMG S.p.A.

(signed on the original)

Maurizio Guzzi
Director of Audit

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Independent auditors' report pursuant to article 47-septies.7 of Legislative decree no. 209 of 7 September 2005 and article 4.1.c) of IVASS regulation no. 42 of 2 August 2018

To the board of directors of
Vittoria Assicurazioni S.p.A.

Introduction

We have reviewed the accompanying "S.25.01.21 Solvency capital requirements for undertakings on standard formula" and "S.28.02.01 Minimum capital requirement - both life and non-life insurance or reinsurance activity" templates (the "SCR and MCR templates") and the related disclosures presented in the "E.2 Solvency capital requirement and minimum capital requirement" section (the "related disclosures") of the accompanying 2021 Solvency and financial condition report (the "SFCR") of Vittoria Assicurazioni S.p.A. (the "company"), prepared in accordance with article 47-septies of Legislative decree no. 209.

The directors prepared the SCR and MCR templates and related disclosures in accordance with the applicable European Union provisions, the Italian sector legislation and the company-specific parameters as disclosed in the SFCR and as approved by IVASS.

Directors' responsibilities

The directors are responsible for the preparation of the SCR and MCR templates and related disclosures in accordance with the applicable European Union provisions, the Italian sector legislation and the company-specific parameters as disclosed in the SFCR and as approved by IVASS and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of SCR and MCR templates and related disclosures that are free from material misstatement, whether due to fraud or error.

Auditors' responsibilities

Our responsibility is to express a conclusion on the SCR and MCR templates and related disclosures. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (revised), Engagements to Review Historical Financial Statements. ISRE 2400 (revised) requires us to conclude whether anything has come to our attention that causes us to believe that the SCR and MCR templates and related disclosures, taken as a whole, are not prepared in all material respects in accordance with the applicable European Union provisions, the Italian sector legislation and the company-specific parameters as disclosed in the SFCR and as approved by IVASS. This standard also requires us to comply with relevant ethical requirements.

A review of SCR and MCR templates and related disclosures in accordance with ISRE 2400 (revised) is a limited assurance engagement. The auditors perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISA). Accordingly, we do not express an audit opinion on these SCR and MCR templates and related disclosures.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying SCR and MCR templates and related disclosures included in the 2021 SFCR of Vittoria Assicurazioni S.p.A. have not been prepared, in all material respects, in accordance with the applicable European Union provisions, the Italian sector legislation and the company-specific parameters as disclosed in the SFCR and as approved by IVASS.

Basis of preparation, purposes and restriction on use

Without modifying our conclusion, we draw attention to the "E.2 Solvency capital requirement and minimum capital requirement" section of the SFCR which describes the basis of preparation of the SCR and MCR templates. These templates and related disclosures have been prepared in accordance with the applicable European Union provisions, the Italian sector legislation and the company-specific parameters as disclosed in the SFCR and as approved by IVASS for the solvency supervisory reporting purposes. As such, they cannot be used for any other purposes. Specifically, in accordance with article 45-sexies.7 of Legislative decree no. 209 of 7 September 2005, the use of the company-specific parameters summarised in the disclosures presented in the SFCR was approved by IVASS as part of its supervisory duties. As provided for by article 4.1.c) of IVASS regulation no. 42 of 2 August 2018, our conclusion does not cover the decisions made by IVASS as part of its supervisory duties and hence, in particular, the adequacy of the company-specific parameters for the purpose defined by the applicable European Union provisions and the Italian legislation.

Other matters

The MVBS and OF templates and related disclosures included in the 2020 SFCR of Vittoria Assicurazioni S.p.A. were reviewed by other auditors, who expressed their unmodified conclusion thereon on 7 April 2021.

Milan, 7 April 2022

KPMG S.p.A.

(signed on the original)

Maurizio Guzzi
Director of Audit