Vittoria Assicurazioni

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.

100th year of business

Consolidated financial report as at 31 December 2021

Board of Directors' meeting
of 23 February 2022

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

Index

Board of Directors

Carlo ACUTIS	Chairman Emeritus
Andrea ACUTIS	Chairman
Adriana ACUTIS	Deputy Chairman
Cesare CALDARELLI	Managing Director
Massimo ANTONARELLI	Independent Director
Luciano GOBBI	Independent Director
Giorgio MARSIAJ	Independent Director
Maria Antonella MASSARI	Independent Director
Urs MINDER	Independent Director
Marzia MORENA	Independent Director
Luca PAVERI FONTANA	Non-executive Director
Giuseppe SPADAFORA	Non-executive Director
David MONTI	Secretary

Board of Statutory Auditors

Giuseppe CERATI	Chairman
Giovanni MARITANO	Standing statutory auditor
Francesca SANGIANI	Standing statutory auditor
Luca LAURINI	Substitute statutory auditor
Antonio SALVI	Substitute statutory auditor

GENERAL MANAGEMENT

Matteo CAMPANER	Joint General Manager
Luca ARENSI	Co-General Manager
Paolo NOVATI	Co-General Manager
Enzo VIGHI	Deputy General Manager

INDEPENDENT AUDITOR

KPMG S.p.A.

APPOINTMENTS AND REMUNERATION COMMITTEE

Maria Antonella MASSARI	Independent non-executive chairman
Luciano GOBBI	Independent non-executive member
Luca PAVERI FONTANA	Non-executive member

INTERNAL CONTROL COMMITTEE

Massimo ANTONARELLI	Independent non-executive chairman
Luciano GOBBI	Independent non-executive member
Maria Antonella MASSARI	Independent non-executive member

FINANCE COMMITTEE

Andrea ACUTIS	Non-executive chairman
Adriana ACUTIS	Non-executive member
Carlo ACUTIS	Non-executive member
Cesare CALDARELLI	Executive member
Luciano GOBBI	Independent non-executive member
Luca PAVERI FONTANA	Non-executive member
Giuseppe SPADAFORA	Non-executive member

REAL ESTATE COMMITTEE

Andrea ACUTIS	Non-executive chairman
Adriana ACUTIS	Non-executive member
Carlo ACUTIS	Non-executive member
Cesare CALDARELLI	Executive member
Marzia MORENA	Independent non-executive member
Luca PAVERI FONTANA	Non-executive member
Giuseppe SPADAFORA	Non-executive member

RELATED-PARTY COMMITTEE

Maria Antonella MASSARI	Independent non-executive chairman
Luciano GOBBI	Independent non-executive member

STRATEGY COMMITTEE

Andrea ACUTIS	Non-executive chairman
Carlo ACUTIS	Non-executive member
Adriana ACUTIS	Non-executive member
Cesare CALDARELLI	Executive member
Luciano GOBBI	Independent non-executive member
Luca PAVERI FONTANA	Non-executive member
Giuseppe SPADAFORA	Non-executive member

Note on Vittoria Assicurazioni Group

Vittoria Assicurazioni is part of the Vittoria Assicurazioni Group, registered in the Register of Insurance Groups envisaged in Article 210-ter of the Italian Code of Private Insurance Companies (with registration number 008) and it is subject to the management and coordination of the Parent Company Yafa S.p.A..

Yafa SpA, controls Vittoria Assicurazioni through the investment chain established by Yafa Holding S.p.A..
The areas under management and coordination of the Parent Company Yafa S.p.A. are set out in the Group Regulations, which governs the obligations of subsidiaries with reference to the activities required by the Parent Company to carry out the tasks provided by the current group solvency rules, control of intragroup transactions and risk concentration management. The Regulation also aims to leave the Vittoria Assicurazioni's Board of Directors' duties and responsibilities unmistakable with regard to the strategic guidelines of their competence, particularly for business strategy decisions, in accordance with the subjects provided by the Parent Company.
The Regulation provides a differentiated management of the scope of application of intergroup co-ordination by delegating to Vittoria Assicurazioni the management and coordination of its subsidiaries and of all its supervisory and risk management bodies currently implemented as set out in Regulation 20, while to Yafa S.p.A., the direct direction and direct coordination of the other subsidiaries.

This Report refers to the consolidated data of Vittoria Assicurazioni S.p.A., whose scope of consolidation is illustrated in the paragraph “Note on general nature”. Therefore, from now on in this report, the Group definition refers to Vittoria Assicurazioni S.p.A. and to companies consolidated by it.

Form and contents of report

As required by Article 3 of Italian Legislative Decree no. 38 of 28 February 2005, the consolidated financial statements have been prepared in compliance with the international financial reporting standards (IFRSs) issued by the International Accounting Standards Board and endorsed by the European Union (EC regulation no.1606/2002). IASs and IFRSs are defined as all international accounting standards andIFRSs and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly called the Standing Interpretations Committee (SIC).

The present set of year-end financial statements is also presented in compliance with the formats defined by ISVAP Regulation no. 7 of 13 2007 July (Balance Sheet, Income Statement, Statement of Changes in Equity, Statement of Cash Flows, and accounting schedules), and includes additional detailed tables as necessary to complete disclosure as required by IFRSs or useful for better understanding of the year-end financial statements.
The accounting schedules required by IVASS in terms of minimum disclosure content are shown in the specific chapter “Appendices to Consolidated Financial Statements,” which is an integral part of the present set of year-end financial statements.

The disclosures presented take into account the specific items contained in Italian Legislative Decree no. 209 of 7 September 2005 (Private Insurance Code), as modified and integrated by Italian Legislative Decree no. 74 of 12 May 2015.

All the technical insurance data, shown in the various statements of the Directors’ report, refer to Vittoria Assicurazioni S.p.A., the Group's only insurance company.
Where it was deemed necessary, in the event of a change in accounting principles, evaluation or reclassification criteria, the comparative data is reworked and reclassified to provide homogeneous and consistent information.

The accounting and classification policies used to prepare year-end financial statements are detailed in the explanatory notes to accounts.

All amounts in this document are shown in thousand euro unless otherwise indicated.

Directors’ report

Economic and insurance scenario

According to the latest World Economic Outlook (WEO), published by the International Monetary Fund in January 2022, global growth is expected to reach 4.4% in 2022 and 3.8% in 2023. The latest global 2022 estimates have been revised down by 0.5% from those made in October 2021 due to expected slowdowns in Europe and the United States.

The global economy enters 2022 in a weaker position than anticipated in the first part of 2021: due to the deployment of the new Omicron COVID-19 variant several countries have re-imposed restrictions on mobility with a high degree of uncertainty about the outlook for the economic cycle. Rising energy prices and imbalances between supply and demand for goods have led to higher-than-expected inflation, particularly in the US and many emerging markets. The continued downsizing of China's real estate sector together with a slower-than-expected recovery in private consumption also limited expectations for the expansion of the global economy.

Above-expected inflation is expected to persist longer than forecast in the October WEO, with continued disruptions in the commodity supply chain and high energy prices continuing into 2022. The consumer price index is expected to gradually decline as supply-demand imbalances close and in response to monetary policy actions. With central banks in major advanced economies expected to raise official discount rates, risks to financial stability, capital flows, currencies and fiscal positions in emerging markets could emerge. Other global risks could crystallise due to renewed geopolitical tensions and climate emergencies. With the pandemic continuing to maintain its grip, the emphasis on an effective global health strategy is more important than ever. Worldwide access to vaccines, tests and treatments is essential to reduce the risk of further dangerous variants of COVID-19. Monetary policy in many countries will need to continue on a tightening path to curb inflationary pressures, while fiscal policy will need to prioritise health and social spending by focusing support on those most affected. In this context, international cooperation will be essential to preserve access to liquidity and accelerate orderly debt restructuring where necessary. Investing in climate policies remains imperative to reduce the risk of catastrophic climate change.

As for the more advanced economies (EU, US, UK, Canada and Japan), uneven GDP growth is expected to be in the region of 4.4% and 3.8% for 2022 and 2023 respectively.

The Eurozone is expected to move from a growth rate of 5.2% in 2021 to a growth rate of 3.9% in 2022 and 2.5% in 2023. As for the US, compared to 2021 (5.6%), growth is expected to be in the area of 4.0% in 2022 and 2.6% in 2023. In the United Kingdom, economic growth is expected to pick up to 7.2% in 2021, and then increase to 4.7% in 2022 and 2.3% in 2023. The Japanese economy should expand at a rate of 1.6% in 2022 and 3.3% and 1.8% in 2022 and 2023 respectively.

In Italy, the economy is expected to expand by 6.2% in 2021, 3.8% in 2022 and 2.2% in 2023. The Italian government is laying the foundations for solid, robust and sustainable growth with a medium to long term strategy that is well balanced in the ratio of structural reforms and investments.

The European Central Bank (ECB) announced that it will end net purchases under the Pandemic Emergency Purchase Programme in March 2022 while increasing net purchases under the Asset Purchase Programme slightly. The ECB also pledged to keep interest rates at current levels until adequate progress has been made to stabilise medium-term inflation.

With regard to the performance of financial markets, the main equity indices (apart from China) ended 2021 with strong gains. The US stock markets performed as follows: S&P Index 30.9%, Nasdaq 24.8% and Dow Jones 22.7%. The European stock index, Eurostoxx 600, closed the year with a growth of 25.2% while the main Asian indices of Japanese (Nikkei) and Chinese (CSI 300) closed the year with a performance of 7.3% and -4.9% respectively. As for the Italian market, the Ftse Mib grew 26.3% in 2021.

During 2021, European government rates rose across the board, with the German Bund offering a negative 0.17% yield in December. The Italian curve also saw yields rise by an average of 60 bps on maturities over 10 years. European corporate bond yields also increased on both short/medium term (around 30 bps) and long term (50 bps) maturities. Yields are now negative to maturities between 2 and 3 years.

The Euro/Dollar exchange rate ended 2021 by falling from 1.22, at the end of 2020, to 1.13 with expectations for the end of 2022 stable at 1.12. Oil prices recovered during 2021 with WTI ending the year at $75.2. Gold (spot price in dollars) fell to $1829 an ounce, far from the high of $1,950 reached in January 2021.
With regard to the Italian insurance market, it should be noted that the premiums (based on Italian accounting principles) as at 30 September 2021 (Ania Trends statistics) show an increase in Life insurance business of 10.8% compared to the same period of the previous year and an increase in Non-Life insurance business of 2.8% (a decrease 3.6% in third-party motor vehicle insurance).

The comparison with Vittoria Assicurazioni data is as follows:

	Change	
Line of business	Market 30/09/21 - 30/09/20	Vittoria Assicurazioni 31/12/21 - 31/12/20
Life business (*)	+10.8%	+47.1%
Non-Life business	+2.8%	+3.5%
Of which: Motor TPL	-3.6%	-1.6%

(*) The data referring to Life insurance include the collection of premiums from Unit Linked contracts and those relating to the Open Pension Fund (Classes III and VI), not considered as premiums by the international accounting standards.

REAL ESTATE SECTOR

The year 2021 saw an increase in investments in the Italian real estate market, amounting to 10.4 billion euro invested (8.8 billion euro in 2020), due to the reduction of restrictive measures in the second half of the year. In addition, the growth of the Italian economy and greater political stability have helped to boost investor confidence in the country.

In particular, CBRE's Italy Real Estate Market Outlook reveals that 2021 was a record year for the logistics (investment volume of 2.7 billion euro +89% compared to 2020) and residential sectors (up 24% compared to 2020). There is also growing investor interest in healthcare facilities in which to offer additional out-of-hospital services and in technological infrastructures supported by plans to develop 5G networks.
The year 2022 will see more intense investment activity and a strong emphasis on ESG issues. The CBRE Italy Investor Intentions Survey 2022 shows that the sectors considered most interesting for 2022 will continue to be logistics, driven by e-commerce, and residential rental managed by professional operators, which will benefit from the growing demand for rental housing.

In 2021, as in 2020, the greatest concentration of investor interest will continue to be in the office sector, with investments of around 2.2 billion euro, albeit down (-43%) on the previous year, investments almost exclusively related to the market in the cities of Milan and Rome.
Prime rents at the end of 2021 increased to 620 €/sqm/year in Milan, and in Rome to approximately 475 €/sqm/year.

The European residential market continues to attract strong attention, dragging the Italian market along with it (investments of 0.7 billion euro), where, however, the scarcity of product tends to push investments towards development activities, mainly initiated with the acquisition of land and the entrusting of developments to a general contractor.
According to research published by ISTAT, house prices in Italy in the first three quarters of 2021, compared to the same period in 2020, are rising by an average of 2.1%; +3.3% for new homes and +1.8% for existing homes. These trends are recorded in a context of lively growth in the volume of purchases and sales (+21.9% the tendential change recorded in the third quarter of 2021 by the Agenzia delle Entrate's Real Estate Market Observatory for the residential sector).

With regard to the performance of the Retail sector, transactions for 1.4 billion euro are recorded in 2021 (-5% compared to 2020), but the good results of sales in the last quarter of 2021 underline the sector's resilience and will support the return of investor interest in the best performing products.

Hotels performed well in 2021 with 2.1 billion euro in investments (up 99% year-on-year), thanks to the easing of restrictions and government support for facilities that prevented distressed situations from emerging.

Strategic objectives

Vittoria Assicurazioni operates in all the 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.

The main objective is to comply with the contractual commitments towards the Insured in a timely fashion and in the correct manner, obtaining an adequate profit margin.
This objective is supported by the achievement of technical profitability, by a policy focused on the consolidation of the acquired portfolio, by the loyalty of existing customers, but also by the increase in market share in the Non-Life Classes and by the acquisition of new production in the Life Class.
In carrying out its activities, the Company pays attention to the management of its risk profile mainly through:

- accurate risk pricing, achieved through segmentation of the portfolio into customer clusters, geographical area and belonging to specific interest groups;
- support to the sales network (which is the first filter in portfolio selection) through continuous training, constant technological support and a company interface characterised by strong technicality and decision-making streamlining;
- a stable and technically prepared management that guarantees guidelines consistent over time both in terms of underwriting and settlement;
- a low-risk investment policy (mainly to support the technical business) driven by the profile of insurance liabilities, without neglecting the search for adequate returns through portfolio diversification, also with investment property focusing on corporate sector, quality property and economically profitable areas;
- the protection of the Company's financial solidity and a balanced trade-off between profitability and solvency requirements in the long run;
- a structured and effective governance.

Summary of key performance indicators of the Group

€/million

SPECIFIC SEGMENT RESULTS

	31/12/2021	31/12/2020	Δ
Non Life business			
Gross written premiums - direct Non Life business	1,263.4	1,221.3	3.45%
Non Life business pre-tax result	134.0	140.9	(4.9)%
(1) Loss Ratio - retained	60.6%	58.0%	2.6
(2) Combined Ratio - retained	87.5%	84.3%	3.2
(3) Expense Ratio - retained	26.9%	26.3%	0.6
Life business			
Gross written premiums - direct Life business	253.1	194.1	30.4%
Life business pre-tax result	20.6	21.0	(1.7)%
(4) Annual Premium Equivalent (APE)	45.0	29.5	52.5%
Segregated funds portfolios	1,655.0	1,477.3	12.0%
Index/Unit - linked and Pension funds portfolios	198.6	114.6	73.3%
Segregated fund performance: Rendimento Mensile	3.58%	2.92%	0.66
Segregated fund performance: Obiettivo Crescita	3.07%	3.11%	(0.04)
Segregated fund performance: Valore Crescente	4.08%	4.03%	0.05
Total Agencies	480	472	8
Real Estate business			
Sales	5.6	34.6	(83.8)%
Net revenue	5.0	2.9	72.4%
Gains on disposal of investment property	14.1	0.0	n.s.
Operating result	19.0	2.9	n.s.
Non-operating items	(13.9)	(5.3)	n.s.
Net contribution	5.2	(2.4)	n.s.
Real estate segment result before tax	(4.1)	(6.5)	(36.9)%

CONSOLIDATED RESULTS

	31/12/2021	31/12/2020	Δ
Total investments	4,832.5	4,529.0	6.7%
Net gains on investments	74.1	51.1	45.0%
Pre-tax result	149.8	158.1	(5.3)%
Consolidated profit (loss)	103.1	107.6	(4.2)%
Consolidated ROE	13.9%	17.2%	(3.3)
Group profit (loss)	101.3	110.9	(8.6)%
Equity attributable to the shareholders of the parent	842.7	765.7	10.1%
Equity attributable to the shareholders of the parent net of unrealised capital gains	765.8	694.7	10.2%
Average of employees	538	551	(13)

Legend

1) Loss Ratio – retained business: is the ratio of current year claims to current year earned premiums;
2) Combined Ratio – retained business: is the ratio of (current year claims + operating costs + intangible assets amortization + technical charges) to current year earned premiums;
3) Expense Ratio – retained business: is the ratio of (operating costs + intangible assets amortization + net technical charges) to current year gross written premiums;
4) APE: Annual Premium Equivalent, is a measure of the new business volume which includes 100% of sales of regular recurring premium business and 10% of sales of single premium business.

Technical data are determined in accordance with Italian accounting principles.

Group Performance

The financial statements for the 100th year closed with a Group net profit equal to 101,313 thousand euro, down by 8.6% on FY2020 (110,883 thousand euro), which had benefited in the Non-Life business from a lower loss ratio linked to the well-known national lockdown situation and which gradually returned to normal levels during 2021.

This year represents a special year: on 21 September 2021 Vittoria Assicurazioni celebrated the Centenary of its foundation; an important milestone, the result of the work done over the years with the people who have contributed to the Group's great achievements, in a technologically innovative present and an increasingly sustainable future.

2021 is also the year that sees Vittoria Assicurazioni win the award for Italian Excellence of Insurance Companies and record a 3.5% increase in premium volume in the Non-Life business, amounting to 1,263,544 thousand euro (1,221,405 thousand euro as at 31 December 2020) and a 47.1% increase in Life business (amounting to 327,260 thousand euro compared to 222,486 thousand euro as at 31 December 2020).

The real estate industry recorded operating earnings equal to 19,027 thousand euro (2,874 thousand euro as of 31 December 2020). This result benefited from 14,077 thousand euro pre-tax, obtained from the capital gain on the sale to AC Milan of building "C" of the Portello Business Park, allocated 50% to the Non-Life business and 50% to the Life business.
The result takes into account revenue from rentals for 16,904 thousand euro, margins on finalised sales for 54 thousand euro and operating costs and financial fees equal to 12,007 thousand euro (respectively 10,407 thousand euro, 3,488 thousand euro and 11,020 thousand euro as of 31 December 2020). Also taking into account the non-operative entries, the result is equal to a profit of 5,151 thousand euro (a loss of 2,418 thousand euro as of 31 December 2020).

The result of the Group's income statement as of 31 December 2021 is equal to 107,205 thousand euro, which is less than the 120,403 thousand euro recorded as of 31 December 2020. The main contributors to the income statement are the variations in unrealised capital gains arising mainly from the equities belonging to the bond portfolio and the investments in units of UCITs.

Overall investments recorded a 6.7% increase compared with the situation as of 31 December 2020, reaching 4,832,495 thousand euro, with 198,639 thousand euro (+73.3% compared to the previous year) relating to investments with risk borne by the insured parties and 4,633,856 thousand euro (+5.0% compared to the previous year) relating to investments with risk borne by the Group.

The Group's net equity is equal to 842,671 thousand euro, up by 10.1% on the 765,743 thousand euro net equity as of 31 December 2020.

The following table shows the contributions of the Group's various businesses to net profit.

Reclassified Profit and Loss by business segment (€/000)

	31/12/21	31/12/20	Δ
Non life business - Gross Result (excluding investments result)	131,322	148,156	-11.4%
Non life business - Gross Investments Result	(2,761)	(5,924)	-53.4%
Life business - Gross Result	13,199	20,706	-36.3%
Gross Insurance business Result	141,760	162,938	-13.0%
Elimination from consolidation	(1,797)	2,891	n.s.
Insurance business: taxes	(44,204)	(52,262)	-15.4%
Insurance business net contribution to Profit attributable to parent company shareholders	95,759	113,567	-15.7%
Trading margins	54	3,488	-98.5%
Rental and other income	16,904	10,407	+62.4%
Gains on disposal of investment property	14,077	0	n.s.
Operating costs and financial expenses	(12,007)	(11,020)	+9.0%
Real estate business: Operating Result	19,027	2,874	n.s.
Depreciation and other extraordinary items	(11,157)	(7,003)	+59.3%
Real Estate business: taxes	(2,719)	1,711	n.s.
Real Estate business net contribution to Profit attributable to parent company shareholders	5,151	(2,418)	n.s.
Service business net contribution to Profit attributable to parent company shareholders	403	(266)	n.s.
Net Profit attributable to parent company shareholders	101,313	110,883	-8.6%
Other Comprehensive Income (Loss) net of tax	5,892	9,520	-38.1%
Comprehensive Income attributable to parent company shareholders	107,205	120,403	-11.0%

As at 31 December 2021 Vittoria Assicurazioni registered net profit – based on Italian GAAPs – of 102,051 thousand euro (108,624 thousand euro as at 31 December 2020).

Reconciliation between the data in the unconsolidated and consolidated statements is illustrated in note 15 of this report.

The companies that make up the Group are listed in the chapter “Explanatory notes” – Consolidation scope.

Insurance business

Profit for the insurance business, before taxes and intersegment eliminations, amounted to 154,596 thousand euro (-4.5% according to 161,900 thousand euro as at 31 December 2020). The key operating items contributing to the period's result are described below.

Total insurance premiums in 2021 amounted to 1,590,804 thousand euro (+10.2% according to 1,443,891 thousand euro in 2020), of which 1,516,617 thousand euro for insurance premiums written and 74,187 thousand euro for unit-linked investment contracts and for the Vittoria Formula Lavoro open-ended pension fund.

Direct Life insurance premiums amounted to 253,073 thousand euro featuring an increase of 30.4% vs. premiums in 2020.

Direct Non-Life premiums changed as follows compared to the previous year:

- Motor premiums: +0.4%;
- Non-marine premiums: +11.2%;
- Specialty categories [i.e. marine & transport, aviation, credit & suretyship] premiums: +13.6%.

Overhead costs as a percentage of total direct insurance premiums is equal to 7.8%, down from 8.5% at 31 December 2020.

Non-Life business combined ratio and loss ratio retained at 31 December 2021, amounted respectively to 87.5% and 60.6% (Italian GAAP). The corresponding ratio at 31 December 2020 were respectively 84.3% and 58.0%.

Please refer to the comment on technical performance reported on page 21.

Life Businesses show a positive result, which, excluding the component of non-ordinary income from investments, is in line with the previous year.

Real Estate Business

In December 2021, Vittoria Assicurazioni completed the partial demerger of Immobiliare Bilancia Prima S.p.A., through which the Vittoria Assicurazioni Group acquired control of the company.

The real estate segment recorded an operating profit of 19,027 thousand euro (2,874 thousand euro as at 31 December 2020). This result benefited from 14,077 thousand euro pre-tax, obtained from the capital gain on the sale to AC Milan of building "C" of the Portello Business Park, allocated 50% to the Non-Life business and 50% to the Life business.

Excluding this capital gain, the operating result of real estate management is positive at 4,951 thousand euro, up by approximately 2,077 thousand euro compared to the same period of the previous year. This improvement is due to the positive contribution of the recently acquired properties, whose rents net of operating costs amount to 5,641 thousand euro.

The real estate segment's result for the year before taxes and intersegment eliminations, as reported in the income statement by business segment, shows a loss of 4,092 thousand euro (loss of 6,529 thousand euro at 31 December 2020). The main income components, gross of eliminations for intercompany transactions, include:

- revenues from sales of 5,646 thousand euro (down 83.8% from 34,643 thousand euro at 31 December 2020, of which 16,312 thousand euro related to intercompany sales)
- margins on trading properties of 54 thousand euro (3,487 thousand euro at 31 December 2020) arising from margins on brokered sales;
- rental income and other income of 20,113 thousand euro (5,313 thousand euro at 31 December 2020);
- financial expenses of 2,648 thousand euro (1,820 thousand euro as of 31 December 2020);
- operating expenses of 10,072 thousand euro (8,326 thousand euro as of 31 December 2020);
- amortisation and other extraordinary items of 11,539 thousand euro (5,183 thousand euro at 31 December 2020).

The last four items show an increase mainly due to the consolidation of the Pegasus Fund held by Vittoria Assicurazioni S.p.A. at 50.98% for the entire year (in 2020 the consolidation had taken place from May 2020). Provisions of 4,045 thousand euro were set aside to cover risks related to the sector.

The segment's net financial position showed a negative balance of 73,874 thousand euro (negative balance of 71,627 thousand euro at December 31, 2020) affected by the consolidation of Fondo Pegasus, which recorded a mortgage loan of 101,262 thousand euros as a liability. Considering only the 50.98% share held in this fund, the net financial position of the real estate sector would have a negative balance of 24,236 thousand euro.

Service Business

This segment reported a loss, before tax and minority interests, of 532 thousand euro, compared with a loss of 344 thousand euro as at 31 December 2020.
The services and the fees received by the Group companies, gross of intercompany services, amounted to 9 thousand euro (4,469 thousand euro as at 31 December 2020), the strong decrease compared to the previous year is justified by changes in the consolidation area of the services sector.

Equity and dividend policy

Group shareholders' equity amounted 853,457 thousand euro (+11.5%) and minority interests amounted to 46,651 thousand euro, 765,743 and 46,687 thousand euro respectively as at 31 December 2020. The Group does not directly or indirectly hold shares in parent companies.

Proposed dividend per share

The board of directors of Vittoria Assicurazioni submits the following allocation of the year's earnings, equal to 102,050,809 euro, as follows:

To Legal Reserve	euro	0
To Available Reserve	euro	71,633,601
To Shareholder	euro	30,417,208

corresponding to a dividend of euro 0.47 for each of the 64,717,464 shares constituting the share capital (dividend of 30,417,208 euro in the previous year).

After approval by the shareholder, dividend distribution will be recognised in the 2022 statutory accounts.

Insurance business

Review of operations

Premiums as up to 31 December 2021 amounted to 1,516,617 thousand euro (1,415,498 thousand euro as at 31 December 2020). Portfolio breakdown and the changes occurring by business segment and branch are shown in the following table:

COMPARISON BETWEEN GROSS WRITTEN PREMIUMS IN 2021 AND 2020
DIRECT AND INDIRECT BUSINESS

(€/000)

	31/12/2021	31/12/2020	YoY change %	% of total book 2021	% of total book 2020
Domestic direct business					
Life business					
I Whole- and term life	251,520	192,763	30.5	16.6	13.7
IV Health (long-term care)	1,525	1,241	22.9	0.1	0.1
V Capitalisation	28	89	-68.5	0.0	-
Total Life business	**253,073**	**194,093**	**30.4**	**16.7**	**13.8**
Non-Life business					
Total non-marine lines (exc. specialty and motor)	373,924	336,330	11.2	24.7	23.7
Total specialty lines	8,661	7,623	13.6	0.5	0.5
Total motor lines	880,860	877,357	0.4	58.1	62.0
Total Non-Life business	**1,263,445**	**1,221,310**	**3.5**	**83.3**	**86.2**
Total direct business	**1,516,518**	**1,415,403**	**7.1**	**100.0**	**100.0**
Domestic indirect business					
Non-Life business	99	95	4.2	0.0	0.0
Total indirect business	**99**	**95**	**4.2**	**0.0**	**0.0**
Grand Total	**1,516,617**	**1,415,498**	**7.1**	**100.0**	**100.0**

Revenues not qualified as premiums as defined by IFRS 4 (Unit Linked contracts and those relating to the Vittoria Formula Lavoro open-ended pension fund) amounted to 74,187 thousand euro (28,393 thousand euro in 2020).

Life business

Insurance and investment contracts in the Life business

The range of products currently distributed by Vittoria Assicurazioni covers all insurance line of businesses.
Vittoria Assicurazioni distributes products ranging from savings ("revaluable" policies relating to segregated funds), protection (policies covering risks of death, disability and non-self-sufficiency – long-term care) and supplementary pension plans (individual pension schemes and open-ended pension fund). In the range offered there are also unit linked policies. The tariff types applied are mixed, fixed term, entire life and temporary, both in the form of annual premium and in the single premium, as well as group rates for the case of death and / or disability. The commercialized segments include also policies that provide for the possibility of converting the accrued benefit into annuity: the conversion takes place at the conditions in force when the option is exercised. The contractual conditions are constantly updated and are in line with those commodity offered by the market.

Premiums

Direct insurance business premiums in 2021 amounted 253,073 thousand euro (194,093 thousand euro in 2020) divided follows:

(€/000)

	31/12/2021	31/12/2020	YoY change %	% of total book 2021	% of total book 2020
Recurring premiums	77,522	67,976	14.0	30.6	35.0
Annual premiums	175,551	126,117	39.2	69.4	65.0
Total Life business	**253,073**	**194,093**	**30.4**	**100.0**	**100.0**

Inflows increased by 30.4% compared to 31 December 2020 due to the improved performance of all intermediaries.

In 2021 the funds relating to segregated funds achieved the following returns:

(€/000)

	Rate of return 2021	Total Assets 2021	Rate of return 2020	Total Assets 2020
Vittoria Rendimento Mensile *	3.58%	739,031	2.92%	748,094
Vittoria Valore Crescente *	4.08%	73,960	4.03%	76,554
Vittoria Obiettivo Crescita *	3.07%	488,810	3.11%	448,122
Vittoria Previdenza **	3.02%	187,423	3.02%	161,477
Vittoria Obiettivo Rendimento *	3.15%	165,768	2.59%	43,104

* Observation period: 01/01/2021 - 31/12/2021
** Observation period: 01/10/2020 - 30/09/2021

Claims, accrued capital sums & annuities, and surrenders

The following table summarises data for direct business relating to claims, accrued capital sums and annuities and surrenders (net of liquidation expenses), compared with data of previous year.

(€/000)

	31/12/2021	31/12/2020	YoY change %
Claims	21,749	14,873	46.2
Accrued capital sums & annuities	18,627	44,397	(58.0)
Surrenders	60,213	54,457	10.6
Total	**100,588**	**113,726**	**(11.6)**

The trend in claims payments shows an increase in surrenders and claims, more than offset by a reduction in maturities.

Non-life Business

Premiums

Direct premiums issued amounted 1,263,445 thousand euro (1,221,310 thousand euro as at 31 December 2020) and showed an increase of 3.5%.

Technical performance

The performance of the technical management shows an improved result compared to the previous year, thanks to an increase in the profitability of the Line of businesses other than the TPL Line of business.

The following sets out the considerations for the different lines of business:

NON-MARINE BUSINESSES

Premiums of non-marine line of business increased by 11.2% compared to the previous year.
The number of policies in the portfolio of the Lob was increased by 4.8% compared to the previous year.

The technical result is positive, down compared to the previous FY due to a higher incidence of claims linked to atmospheric phenomena affecting Italy.

More specifically, each line of business featured the following technical results:

Accident: premiums recorded an increase of 3.5%. The technical result remained positive, an improvement on the previous year, despite the higher number of major claims relating to road accidents resulting from the resumption of traffic.

Disease: premiums shows an increase of 8.2%. The technical performance, although positive, was down on the previous year due to an increase in the claims rate, which was also due to a greater demand for medical services than in the previous year, which was characterised by greater difficulty in accessing facilities following the pandemic.

Fire and natural events: premiums increased by 19.4%, partly due to increased collaboration with the broker channel on industrial risks.
The technical result was positive, an improvement on the previous year.

Miscellaneous damages: premiums, including the risk of theft, hail and damage to electronic and technological equipment, recorded an increase of 17.1% compared to previous year. The negative result was affected by the incidence of claims from atmospheric events and the increase in the claims rate also resulting from increased use of homes following lockdown periods.

General Third-Party Liability: premiums increased by 10.6% compared with the previous year.
The technical balance remained positive, down on 2020 due to a higher incidence of serious claims compared with the previous year, linked to the resumption of work activities by small-medium enterprises with reference also to the construction and road works sectors.

Miscellaneous financial losses: premiums written showed an increase of 8.4%. The line maintains a positive technical result, in line with the previous year.

Legal protection: written premiums increased by 11.2%. The line maintains a positive technical result, in line with the previous year.

SPECIALTY BUSINESSES

Premiums increased by 13.6% thanks to the positive contribution of Cargo Insurance and Marine Hulls lines.
The technical result is slightly negative.

In particular:

Watercraft (sea, lake, and river) hulls and railway rolling stock: premiums increased by 6.6%, partly due to the development of the channel through brokers specialising in the sector. The technical result is negative but better than the previous year, as it was still affected by the claims rate of medium-high amounts affecting policies that had already been in the portfolio for some time.

Cargo (goods in transit): written premiums increased by 26.9% thanks to the development of actions on transport companies that were already customers for the Motor Lob. The technical result is positive, an improvement on the previous year.

Credit: the Lob includes exclusively the risks relating to the Salary-Backed Loans which continues the management of the ongoing portfolio and the launch of development resumption initiatives.
The technical result is positive.

Surety: written premiums increased by 3.9%, due to the continuation of the rigorous underwriting policy and market uncertainties in the world of procurement. The technical is negative following a major claim affecting a large part of the market and the related default of a major energy distribution company.

MOTOR BUSINESSES

In 2021, the Covid-19 pandemic once again affected the dynamics of the Motor business, although to a lesser extent than in the previous year due to more limited lockdown periods.

The positive technical result is down on the previous year due to the upturn in traffic and the consequent increase in the frequency of claims.

Premiums increased by 0.4%.

In particular:

Land motor vehicle hulls: premiums increased by 8.9%, linked to the dynamics of the Motor TPL Lob, with a clearly improved technical result strongly due in part to the effects of the tariff measures implemented to better manage risks arising from atmospheric phenomena.

Third-party liability for land motor vehicles and for watercraft (sea, lake, and river): the technical result remained positive, but down sharply on the previous year, partly due to the increase in the claims rate resulting from the increase in traffic and partly due to the reduction in the average premium paid by policyholders, a market phenomenon.
Although there was an increase in the number of contracts in the portfolio, this reduction in the average premium led to a decrease in total written premiums in this line of business (-1.6%).

Assistance: premiums increased by 7.9% and the technical result is positive moderately improving.

Claims

Reported claims

The following chart, concerning reported numbers of claims for direct business, has been prepared using data from positions opened during the year; data are compared with those for 2020:

	Number of Reported claims		YoY Change %	Number of Reported claims without consequences		YoY Change %	Number of Reported claims closed		YoY Change %
	31/12/2021	31/12/2020		**31/12/2021**	31/12/2020		**31/12/2021**	31/12/2020	
Total non-marine lines	59,340	55,890	6.17%	11,856	10,570	12.17%	37,864	36,031	5.09%
Total specialty lines	722	650	11.20%	71	104	-31.44%	250	215	16.30%
Total motor lines	262,612	222,923	17.80%	22,297	18,282	21.96%	196,187	168,416	16.49%
Total Non-Life businesses	**322,674**	**279,463**	**15.46%**	**34,224**	**28,956**	**18.19%**	**234,301**	**204,662**	**14.48%**

As regards Motor TPL reported claims, has received n. 93,173 reports of claim events to be managed as originator (+18.52% compared to 2020) and the total cost, net of the recovery of the lump-sum paid by the debtor companies, amounted to 65,240 thousand euro (+19.07% compared to 2020).

Claims paid

The following table shows claims paid for direct business and the amount charged to reinsurers, with the data broken down by the period to which claims refer:

(€/000)

	Claims paid **31/12/2021**			Claims recovered from reinsurers	Claims paid 31/12/2020			Claims recovered from reinsurers	Change gross claims %	Change claims recovered from reinsurers %
	Current year	Previous years	Total		Current year	Previous years	Total			
Total non-marine businesses	76,293	65,763	142,056	17,177	65,147	66,211	131,358	11,707	8.1	46.7
Total Special businesses	1,181	5,706	6,887	2,749	1,182	2,379	3,561	960	93.4	186.4
Total motor businesses	274,515	282,971	557,486	16,684	243,186	314,483	557,669	20,705	(0.0)	-19.4
Total Non-Life businesses	**351,989**	**354,440**	**706,429**	**36,610**	**309,515**	**383,073**	**692,588**	**33,372**	**2.0**	**9.7**

The additional cost borne in 2021 for the road-accident victim guarantee fund was 16,462 thousand euro vs. 16,702 thousand euro in the previous year.

Claims settlement speed

The following table illustrates how quickly reported claims (by number) were paid net of claims eliminated without consequences, broken down by current generation and previous generation in reference to the principal lines of business:

(percentages)

	current generation		previous generations	
	31/12/2021	31/12/2020	**31/12/2021**	31/12/2020
Accident insurance	60.01	60.26	67.60	63.55
Health insurance	84.35	81.95	80.58	60.09
Motor vehicle hulls	79.84	84.91	82.61	84.94
Fire and natural events	81.71	82.73	76.09	80.74
Miscellaneous damages - theft	89.99	88.92	89.22	87.98
Third-party motor liability	76.93	77.96	66.72	68.71
Third-party general liability	68.91	70.83	36.84	35.79

Anti-fraud activities

Claims which are presumed to be possible cases of fraud are handled with anti-fraud criteria established by the company's guidelines.
Savings for the year in relation to the Motor TPL business, quantified in accordance with Law 27/2012 implemented by Regulation ISVAP no. 44, amounted to 6.6 million euro (6.8 million as at 31 December 2020).
As a result of the deepening in relation to fraud risk, savings of 6.1 million euro were achieved for claims that have been defined without result (5.9 million as at 31 December 2020) and 0.5 million euro for claims definitively settled (0.8 million as at 31 December 2020), compared to the assessed value posted to technical provisions.

Reinsurance

LIFE BUSINESS

Outward reinsurance

In the Life business, with respect to Lob "I", there is an excess of loss treaty per head and catastrophe, to protect the portfolio.

Ceded premiums in FY21 amounted to 1,828 thousand euro (1,590 thousand euro as at 31 December 2020).

Inward reinsurance

The Life business inward reinsurance is recorded on the accrual basis and refers to a traditional quota-share treaty in run-off, which only records changes occurring in the related portfolio and a commercial premium treaty that refers to a portfolio of policies that have revaluable annual premiums.

NON-LIFE BUSINESS

Outward reinsurance

As far as outward reinsurance is concerned, the corporate policy is based on selective underwriting of risks and on book development and entity in relation to the risks covered. It aims to balance net retention. Transactions are undertaken internationally with players in the reinsurance markets featuring high ratings.

The main treaties in place are the following:

- Excess of loss: Accident, Motor vehicle Hulls, Marine Hulls, Cargo (goods in transit), Fire and natural events, Motor TPL and General TPL.
- Quota-share: Suretyship, Legal protection, Assistance and Miscellaneous damage in relation to Hail, Engineering risks and ten year guarantees and Fire concerning the catastrophe events Earthquake, Flood and Flash Flood.

Ceded premiums in FY21 amounted to 51,631 thousand euro (36,331 as at 31 December 2020).

Inward reinsurance

Acceptance of risks relating to the indirect business mainly arises from participation in syndicates and from acceptance of shares in Italian businesses, which are entered into voluntarily.

As regards credit risk, we highlight the fact that Vittoria Assicurazioni makes use of top-level reinsurers. The following table shows the balance sheet transactions in place as at 31 December 2021, by rating:

(€/000)

Rating	Current and Deposit accounts	Reinsurers' share of technical reserves	**Total net balance sheet items**	**% of breakdown**
AA+	-148	89	-59	0.0
AA	-170	431	260	0.5
AA-	-15,671	34,365	18,693	34.7
A+	1,636	18,900	20,536	38.2
A	1,074	3,314	4,388	8.1
A2	-877	3,383	2,506	4.7
A-	392	2,169	2,561	4.8
Not rated	-1,441	6,355	4,915	9.0
Total	**-15,205**	**69,006**	**53,801**	**100.0**

Claims cost trend

As required in IFRS 4, paragraph 39, we present some information concerning the Non-Life claims trend.

The table below shows estimated costs of claims in the year when they were generated, from 2012 to 2021, and updates recorded in subsequent years following adjustment of claims and alignment of reserves based on the greater information received on the claims concerned and updating of observable historical series.

Each figure present on the triangle is the estimated generation cost at 31 December of the year observed. The total cost is the sum of the following components:

- Cumulative claim amounts paid from the year of the claim event up to 31 December of the year of observation
- Accrued provisions for open claims, as at 31 December of the year of observation
- Estimate of IBNR (incurred but not reported) claims of the event year as at 31 December of the year of observation

Cumulative claim amounts paid excludes the cost of the contribution to the road-accident victim guarantee fund.

This table shows the gross data; therefore, it does not report the amounts recovered and to be recovered from policyholders and third parties for recoupment, deductibles and, only in the Land Vehicle TPL line, claims settlements.

(€/000)

Year of event	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Totale
Cumulative claims cost											
At the end of year of event	567,376	614,689	651,383	684,774	700,163	762,916	800,473	828,441	699,257	786,548	7,096,020
1 year later	540,079	601,168	621,301	685,978	710,568	775,010	794,257	838,169	653,550		
2 years later	540,970	593,557	610,631	688,626	714,305	783,811	787,134	845,939			
3 years later	547,735	587,801	596,334	684,783	702,307	781,500	785,389				
4 years later	547,207	580,632	590,762	682,583	697,471	783,440					
5 years later	542,932	573,288	589,811	679,649	699,641						
6 years later	541,166	571,523	590,724	681,862							
7 years later	542,007	570,964	591,921								
8 years later	545,637	574,218									
9 years later	547,665										
Cumulative claims cost at 31/12/2021	547,665	574,218	591,921	681,862	699,641	783,440	785,389	845,939	653,550	786,548	6,950,173
Total cumulative claims paid in 2021	520,553	544,637	549,351	619,814	625,019	676,287	661,206	691,613	464,892	337,564	5,690,936
Claims paid in 2021	**3,519**	**11,368**	**12,267**	**13,517**	**14,118**	**19,687**	**24,204**	**79,850**	**170,354**	**337,564**	**686,448**
Claims reserve at 31 December 2021	**27,112**	**29,581**	**42,569**	**62,047**	**74,622**	**107,153**	**124,184**	**154,327**	**188,658**	**448,984**	**1,259,237**

From the comparison between what was posted in the first year of occurrence of claims - in the decade highlighted - amounting to 7,096,020 thousand euro and the evolution of the same at the date of the 2021 financial statements, amounting to 6,950,173 thousand euro, emerges a deviation equal to -2.21%.

For information purposes, we point out that the range of 1.0% in Loss Ratio, would lead to a result in profit and loss statement of approximately 11.9 million euro, before tax.

Commercial organisation

The development activity has resulted in the opening of 10 new agencies and the reorganization of other 27 and the closure of 2 agencies; as at 31 December 2021 Vittoria Assicurazioni was nationally present with 480 General Agencies (472 as at 31 December 2020) and 1,179 Sub-Agencies Professional (1,139 as at 31 December 2020).
The 2021 Training Plan was designed with a view to continuity with the proposals of previous years.
However, a number of new initiatives have been included, designed using innovative needs analysis and delivery methods and responding to specific business needs with the intention of launching a new approach to training. This change is linked to the desire to define a training strategy that is consistent with the company's strategic objectives in order to guarantee a more effective supervision of training for the Parent Company's sales network.
The 2021 Training Plan was therefore structured so as to be perceived not only as a support for continuous professional updating, but above all as a lever for achieving the Parent Company's strategic objectives.
In fact, during 2021 the organisational model of Network Training was reviewed in order to be able to proceed with the elaboration of a 2022 training plan that would be able to propose a customised training offer and respond to business objectives.
A "clustering" model for the Network was therefore defined, the work of analysing needs was enhanced and a matrix was constructed to identify the methods of providing courses based on objectives.
Due to the continuation of the COVID-19 pandemic, all 2021 training was delivered remotely using webinars and/or e-learning.
As "blended" training, implemented using mixed modes, in-person and distance, and training monitoring will become increasingly important within training plans, during 2021 Network Training also redesigned its training portal to adapt it to current and future needs: iris, the new Parent Company Training portal, was therefore released on 10 January 2022.

Products - Research and development

During the year, the review continued for technical interventions and adjustments to the sector regulations (IVASS, COVIP, CONSOB) of the products of the Non-life and Life business.
In the non-life business, a new product called "Linea Strada RCA Click&Drive" was launched for the purchase of temporary RCA coverage online through a reserved area.
The product "Vittoria con te - Casa e famiglia" (Vittoria with you - Home and family) also includes new guarantees for micro-mobility: assistance, accidents, third-party liability, and legal protection for accidents involving bicycles, electric scooters, hoverboards, and other electric vehicles.
In the Life business, the marketing of the following new products was launched:

- “Vittoria Formula Impiego 2021”, a term life policy to indemnify the company providing the CQS loan;
- “Vittoria MultiAsset Selection Unico”, a single-premium whole-life insurance policy with the option of making Additional Payments. A maximum of 40% of the premium can be allocated to the Vittoria Obiettivo Rendimento segregated fund and the unit component consists of investment funds or UCITS;
- “Vittoria InvestiMeglio Obiettivo Valore”, a multi-branch whole life insurance policy with recurring premiums, which activates a capital accumulation plan (PAC) with scheduled payments. At the time of underwriting, the contract provides for a fixed allocation, which cannot be modified, of the invested premium, according to the following measure: 80% Internal Fund and 20% Separate Account.

In support of energy and seismic upgrades, and in general those aimed at structural and aesthetic improvement of Italian real estate subject to tax relief (the so-called "Superbonus 110%" and other deductions related to building work) under the "Decreto Relaunch", as from 2021, the Parent Company also proposes to purchase tax credits originating from such reliefs.

Overhead costs – direct business

The total amount of insurance overhead costs (Non-Life and Life business) – consisting of personnel costs, various general expenses, plus depreciation of tangible assets and amortisation of intangible assets – amounted 124,144 thousand euro, substantially unchanged with the results of the previous year, equal to 122,391 thousand euro. Besides current operating expenses, these costs also include depreciation & amortisation costs for investments made in IT facilities and processes. These investments are intended to limit, in future years, the operating costs burdening corporate departments and the agency network, whilst at the same time improving services to policyholders as regards insurance coverage and claims settlement. Their breakdown is shown in the following table, where "Other costs" consist mainly of office running costs, IT costs, legal and legal-entity expenses, mandatory contributions, and association membership dues. Lastly, the Depreciation item also includes the amortization portions of the rights of use recorded under assets relating to leased assets regulated by IFRS 16, as described in the chapter "Accounting standards".

(€/000)

ANALYSIS OF COSTS	31/12/2021	31/12/2020	Change
Personnel expenses	61,203	59,820	2.3%
Other costs	55,634	52,201	6.6%
Amortisation/Depreciation	7,307	10,370	-29.5%
Total cost by nature	**124,144**	**122,391**	**1.4%**

Overhead costs as a percentage of total direct insurance premiums (direct business) is equal to 7.8%, 8.5% in 2020.
The increase in the item "Other costs" is mainly due to the expenses related to the advertising campaign launched by the Company during the year, also following the Centenary celebrations.
The increase in the item "Amortisation/Depreciation" is due to the revision of the residual useful life of the management application systems applied in the previous year, which had led to higher depreciation.

Operating costs

The following table shows the total amount of insurance operating costs (Non-Life and Life business), as shown in the income statement, by activity.

(€/000)

	31/12/2021	31/12/2020	Change
Gross commissions and other acquisition costs	283,775	266,727	6.4%
Profit participation and other commissions received from reinsurers	-6,415	-5,350	19.9%
Investment management costs	1,910	1,856	2.9%
Other administrative costs	51,623	55,026	-6.2%
Total	**330,893**	**318,259**	**4.0%**

Operating expenses recorded incidence of premium retained by 22.6% (23.1% in the previous year).

Real estate business

At present, the Group's real estate activities are carried out in the trading and rental of commercial and residential buildings.

The most significant operating data of the investee companies are shown below.

Vittoria Immobiliare SpA – Milan
100% direct equity interest
The Company operates in the areas of real estate trading; revenues earned during the year from the sale of real estate amounted to 922 thousand euro (70 thousand euro at 31 December 2020). Closing inventories amounted to 12,346 thousand euro (13,323 thousand euro at 31 December 2020). The Company also holds buildings for rental amounting to 7,206 thousand euro (7,429 thousand euro at 31 December 2020), classified as investment property.

Immobiliare Bilancia Srl - Milan
100% direct equity interest
The Company is engaged in the marketing of its own properties located in San Donato Milanese (MI), Genoa and Florence. During the financial year, the company generated revenues from the sale of properties amounting to 909 thousand euro (2,251 thousand euro as at 31 December 2020) and has closing inventories of 20,441 thousand euro (19,056 thousand euro as at 31 December 2020). The carrying amount of property classified as investment property was 304 thousand euro.

Acacia 2000 Srl – Milan
100% direct equity interest
The Company owns residential property complexes in the Portello area of Milan, called "Residenze Parco Vittoria", and in Peschiera Borromeo. Marketing and rental activities continue regularly, with the aim of pursuing returns over time that make them attractive to purchase, particularly from institutional investors.
Revenues from the sale of real estate amounted to 2,648 thousand euro during the year (15,999 thousand euro at 31 December 2020).
Closing inventories amounted to 148,430 thousand euro (151,501 thousand euro at 31 December 2020). The Company also holds buildings held for rental amounting to 1,381 thousand euro (1,416 thousand euro at 31 December 2020), classified as investment property.

VRG Domus Srl. - Turin
100% direct equity interest
The Company amounted a inventories of 373 thousand euro (unchanged from 31 December 2020). The Company owns a building located in Monza (Elvezia Business Park), classified as investment property with a carrying amount of 28,671 thousand euro. No proceeds in the year for the sale of property (16,322 thousand euro at December 2020 for intercompany sales).

Vaimm Sviluppo Srl – Milan
100% direct equity interest
The Company owns real estate units located in Genoa, Piazza De Ferrari, Via Orefici and Via Conservatori del Mare; closing inventories amounted to 36,234 thousand euro (37,441 thousand euro at 31 December 2020). The carrying amount of property classified as investment property was 9,057 thousand euro (9,313 thousand euro at 31 December 2020).

Vittoria Properties S.r.l. - Milan
100% direct equity interest
The Company mainly owns a building located in Turin, whose book value is 17,496 thousand euro.

Pegasus Fund - Milan

50.98% direct equity interest

The Pegasus fund is a closed-end reserved Real Estate investment fund. It owns Palazzo V in San Donato Milanese leased to the ENI S.p.A. group, whose book value in the consolidated financial statements is 191,981 thousand euro. The objective of the fund is to manage the property itself, in order to share the management result among the participants and to increase its initial value over time.

Immobiliare Bilancia Prima S.p.A. - Milan

100% direct equity interest

The Company holds a building area in the municipality of Parma and residential buildings in Peschiera Borromeo (MI). Closing inventory amounted to 63,694 thousand euro.

Overhead costs

Overhead costs for the real estate business, before elimination of infra-group services, are as shown in the table below:

(€/000)

ANALYSIS OF COSTS	31/12/2021	31/12/2020	Change
Other costs	7,314	8,692	-15.9%
Amortisation/Depreciation	369	211	74.9%
Total cost by nature	**7,683**	**8,903**	**-13.7%**

Other costs are allocated to the item Management expenses (in particular "Other administrative expenses"); costs related to tangible and intangible depreciation are allocated to the item "Other expenses" in the income statement.
The item "Other costs" in the real estate segment mainly consists of condominium and maintenance costs.
The item " Amortization/Depreciation" relates to operating properties; the change from 2020 is due to the reclassification of certain properties to the "Investment properties" category, the results of which are shown under Investment income and expenses.

Service business

This sector shows a loss for the period, before taxes and minority interests, of 532 thousand euro (profit of 344 thousand euro at December 31, 2020).
The services and commissions received by Group companies in this segment, gross of intra-group services, amounted to 9 thousand euro (4,469 thousand euro at 31 December 2020), the strong decrease compared to the previous year is justified by changes in the consolidation area of the services sector.

Overhead costs

The following table shows overhead costs for the service business, before intersegment eliminations:

(€/000)

ANALYSIS OF COSTS	31/12/2021	31/12/2020	Change
Personnel expenses	-	400	n.v
Other costs	605	1,421	-57.4%
Amortisation/Depreciation	107	147	-27.2%
Total cost by nature	**712**	**1,968**	**-63.8%**

Personnel costs and miscellaneous expenses are allocated to the item Management expenses (in particular “Other administration expenses”); the costs relating to tangible and intangible depreciation are allocated to the item “Other costs” in the Income Statement.
The decrease in the items "Other costs" and "Personnel expenses" is due to the deconsolidation of Assiorvieto and the reclassification of Aspevi Firenze from a subsidiary to an associated company.

Investments – Cash & cash equivalents - Property

Investments, cash and cash equivalents reached 4,832,495 thousand euro with an increase of 6.7% compared to 31 December 2020. The detailed breakdown is shown in the following table:

(€/000)

	INVESTMENTS - CASH AND CASH EQUIVALENTS - PROPERTY	31/12/2021	31/12/2020	Change
A	**Investments in subsidiaries and associates and interests in joint ventures**	**20,926**	**37,941**	**-44.8%**
	- Investments in associates	20,926	37,941	
B	**Held to maturity investments**	**-**	**11,565**	**-100.0%**
C	**Loans and receivables**	**227,220**	**272,226**	**-16.5%**
	- Other loans and receivables	227,220	272,226	
D	**Financial assets available for sale**	**3,681,186**	**3,419,339**	**7.7%**
	- Equity investments	127,484	92,236	
	- OEIC units	875,207	743,474	
	- Bonds and other fixed-interest securities	2,678,495	2,583,629	
E	**Financial assets at fair value through profit or loss**	**199,271**	**114,622**	**73.9%**
	Financial assets held for trading	**632**	**8**	**n.v.**
	- Bonds and other fixed-interest securities held for trading	-	8	
	- Stock options	632	-	
	Financial assets at fair value through profit or loss	**198,639**	**114,614**	**73.3%**
	- Investments where policyholders bear the risk	198,639	114,614	
	Cash and cash equivalents	**17,337**	**9,901**	**75.1%**
F	**Total Property**	**686,555**	**663,401**	**3.5%**
	Investment property	**315,202**	**347,413**	**-9.3%**
	Property	**371,353**	**315,988**	**17.5%**
	Property under construction	9,803	-	
	Property held for trading	271,715	221,658	
	Owner-occupied property	89,835	94,330	
	TOTAL INVESTMENTS	**4,832,495**	**4,528,995**	**6.7%**
	of which			
	investments where the Group bears the risk	**4,633,856**	**4,414,381**	**5.0%**
	investments where policyholders bear the risk	**198,639**	**114,614**	**73.3%**

During the year, the Group continued the action aimed at diversification by asset classes of the investment portfolio. In order to optimising the risk/return ratio, flows from premium income were mainly directed towards the bond component, followed by mutual funds and equities.

Vittoria Assicurazioni concluded a forward sale transaction with the aim of hedging against both interest rate risk and credit risk, which concerned part of the Italian government bonds allocated to the Life portfolio for a nominal value of 213,300 thousand euro.

The following table, shows a breakdown of investments, cash & cash equivalents and property by business type:

(€/000)

Investments - Cash and cash equivalents - Property	Insurance Business		Real Estate Business		Service Business		Intersegment Eliminations		Total	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Investment property	58,754	87,999	256,448	259,414	-	-	-	-	315,202	347,413
Investments in subsidiaries	443,710	396,090	-	-	-	-	-443,710	-396,090	-	-
Investments in associates	19,274	36,312	829	869	823	760	-	-	20,926	37,941
Held to maturity investments	-	11,565	-	-	-	-	-	-	-	11,565
Reinsurance deposits	-	-	-	-	-	-	-	-	-	-
Other loans and receivables	202,971	240,520	24,249	31,706	-	-	-	-	227,220	272,226
Financial assets available for sale										
Equity investments	126,333	91,643	-	-	2,276	1,718	-1,125	-1,125	127,484	92,236
OEIC units	875,207	743,474	-	-	-	-	-	-	875,207	743,474
Bonds and other fixed-interest securities	2,678,495	2,583,629	-	-	-	-	-	-	2,678,495	2,583,629
Financial assets at fair value through profit or loss: Investments where policyholders bear the risk	198,639	114,614	-	-	-	-	-	-	198,639	114,614
Financial assets held for trading: Bonds and other fixed-interest securities	632	8	-	-	-	-	-	-	632	8
Cash and cash equivalents	5,632	1,484	10,488	5,836	1,217	2,581	-	-	17,337	9,901
Property under construction	-	-	9,803	-	-	-	-	-	9,803	-
Property held for trading	-	-	268,477	218,013	-	-	3,238	3,645	271,715	221,658
Owner-occupied property	88,316	91,831	1,519	1,865	-	634	-	-	89,835	94,330
Total	**4,697,963**	**4,399,169**	**571,813**	**517,703**	**4,316**	**5,693**	**-441,597**	**-393,570**	**4,832,495**	**4,528,995**

Investments with risk borne by Group

The investment risk is borne by the Group amounted to 4,633,856 thousand euro (4,414,381 thousand euro at December 31, 2020).

The following transactions took place during the 2021:

A) Investments in subsidiaries, associates and joint ventures:

The Group's main associated companies include the direct participation of 28.56% in Yarpa S.p.A., a company which carries out the role of the holding company, holding stable investment in portfolio and also provides financial advisory services. The company controls Yarpa Investimenti SGR S.p.A., an asset management company active in management of securities and real estate closed-end funds, as well as YLF S.p.A., created to manage in joint venture with LBO France private equity investments in the Italian market and targeting small and medium-sized companies. At December 31, 2021, the Company recognized Group equity of 42,195 thousand euro (41,828 thousand euro at December 31, 2020).

B) Held-to-maturity investments:

During the year, investments held to maturity amounting to 11,408 thousand euro were repaid in full.

D) Financial assets available for sale:

The main transactions during the period were as follows:

- redemption of bonds amounting to 861,589 thousand euro and recognition of 211 thousand euro in net capital losses;
- purchases of bonds of government and supranational issuers for 1,016,140 thousand euro and sales for 127,411 thousand euro (of which 98,865 thousand euro relating to the maturity of forward sales contracts) realising net capital gains of 7,857 thousand euro (of which 4,557 thousand euro relating to the maturity of forward sales contracts)
- purchases of bonds of corporate issuers for 159,218 thousand euro and sales for 910 thousand euro, realising capital gains of 29 thousand euro;
- purchased equity funds with a long-short strategy for 5,000 thousand euro;
- invested 13,657 thousand euro in funds specialising in infrastructure debt and received redemptions of 1,849 thousand euro;
- 25,000 thousand euro invested in funds specialising in private debt and loans;
- 12,279 thousand euro invested in funds specialised in Direct Lending for call and received redemptions of 6,734 thousand euro, with 38 thousand euro of capital losses;
- 31,711 thousand euro invested in specialised Private Equity funds for calls and received 14,724 thousand euro in capital redemptions, realising 1,530 thousand euro in capital gains;
- 8,764 thousand euro was invested in specialised Infrastructure Equity funds and 3,434 thousand euro was received as repayment;
- 15,000 thousand euro invested in the insurance SPAC Revo Spa;
- invested 9,946 thousand euro in Mediobanca S.p.a. for 1,000,000 shares, which were added to those already held in the shareholders' agreement, bringing the number of such shares to 2,225,350, corresponding to an equity investment of 0.25%;
- acquired an equity investment of 1,500 thousand euro in Propensione S.p.A;
- invested 1,981 thousand euro in Italian shares;
- invested 33,210 thousand euro in equity ETFs, and sold 15,510 thousand euro, realising 2,115 thousand euro in capital gains;
- invested 10,000 thousand euro in specialised Real Estate funds and incurred initial costs of 15 thousand euro.

E) Financial assets at fair value through profit or loss:

There were no significant changes in the financial year for financial assets classified as held for trading.

The financial assets designated at fair value through profit or loss mainly refer to the Investments benefiting Life policyholders who bear related risk and relating to pension fund management. At 31 December 2021 these investments amounted to 196,209 thousand euro (114,622 thousand euro at 31 December 2020).

The balance is reported for 46,525 thousand euro to Unit-Linked policies linked to Funds outside the Company, for 120,137 thousand euro to Unit-Linked policies linked to the Company's internal Funds and for 29,547 thousand euro to the Vittoria Formula Lavoro open-ended pension fund. Total incomes have a positive net balance of 15,074 thousand euro (net positive balance of 996 thousand euro at 31 December 2020).

F) Property

Real estate assets at 31 December 2021 amounted to 686,555 thousand euro, up 3.5% (663,401 thousand euro at 31 December 2020). The table below shows a breakdown of these properties and the changes for the period.

(€/000)

	Investment Property	Property under construction	Property held for trading	Owner-occupied property	Total
Balance as at 31/12/2020	**347,413**	**0**	**221,658**	**94,330**	**663,401**
Purchase and capitalised interests paid:					
- PARMA - Viale Piacenza (via Immobiliare Bilancia Prima S.p.A.)		9,803			9,803
- PESCHIERA BORROMEO (MI) San Bovio - Viale Umbria (via Immobiliare Bilancia Prima			20,985		20,985
- ROME - Viale Massimo Meliconi (via Immobiliare Bilancia Prima S.p.A.)			9,452		9,452
- PESCHIERA BORROMEO (MI) San Bovio (via Immobiliare Bilancia Prima S.p.A.)			26,067		26,067
- ROME - Via Guattani - (via Immobiliare Bilancia S.r.l.)			2,319		2,319
- TURIN - Corso Cairoli (via Acacia 2000 S.r.l)	5				5
- TURIN - Via Maria Vittoria (via Vittoria Properties)	3,440				3,440
- MILAN Via Gardella (Vittoria Sede)(via Vittoria Assicurazioni S.p.A.)	236				236
- Miscellaneous			51		51
Total purchase and capitalised interests paid	3,681	9,803	58,874	-	72,358
Sales:					
- MILAN - Palazzo "C" Milan (via Vittoria Assicurazioni)	(41,915)				(41,915)
- GAMBOLO' (PV) - Corso Umberto I (via Vittoria Immobiliare S.p.A.)	(14)		(86)		(100)
- TURIN - Corso Galileo Ferraris (via Vittoria Properties)	(8)				(8)
- PESCHIERA BORROMEO (MI) San Bovio - Viale Umbria (via Immobiliare Bilancia Prima S.p.A.)			(1,233)		(1,233)
- PESCHIERA BORROMEO (MI) San Bovio (via Immobiliare Bilancia Prima S.p.A.)			(1,365)		(1,365)
- MILAN - Parco Vittoria (via Acacia 2000 S.r.l.)			(2,413)		(2,413)
- ROMA - Via Pieve a nievole (via Acacia 2000 S.r.l.)			(22)		(22)
- MILAN - via Don Gnocchi (via Acacia 2000 S.r.l.)			(213)		(213)
- GENOA - Via Venezia (via Immobiliare Bilancia S.r.l.)			(135)		(135)
- GENOA - Via Conservatori del mare (via VAIMM S.r.l.)			(438)		(438)
- GENOA - Piazza De Ferrari (via VAIMM S.r.l.)			(730)		(730)
- TURIN - Via Barbaroux (via Vittoria Immobiliare S.p.A.)			(195)		(195)
- TURIN - Via Villar Focchiardo (via Vittoria Immobiliare S.p.A.)			(217)		(217)
- MILAN - San Donato Milanese (via Immobiliare Bilancia S.r.l.)			(274)		(274)
- MILAN - San Donato Milanese (via Vittoria Immobiliare S.p.A.)			(425)		(425)
- FLORANCE - Viale Michelangelo (via Immobiliare Bilancia S.r.l.)			(498)		(498)
- Miscellaneous			-	(278)	(278)
Total sales	(41,937)	-	(8,244)	(278)	(50,459)
Depreciations	(7,942)		45	(1,567)	(9,464)
Leased assets IFRS 16				(2,644)	(2,644)
Miscellaneous	(87)		(672)		(759)
Capital gain on sale of investment property or business property	14,074			(6)	14,068
Trading margin			54		54
Balance as at 31/12/2021	**315,202**	**9,803**	**271,715**	**89,835**	**686,555**

The item "Investment property" mainly includes the properties held by Vittoria Assicurazioni and leased, the Palazzo V in San Donato Milanese leased to the ENI S.p.A. group held through the Pegasus Fund, and various properties held by Vittoria Immobiliare, V.R.G. Domus and Vittoria Properties.

The leased assets classified as an operating property refers to rights of use, net of accumulated depreciation, resulting from the application of IFRS 16. Please refer to the section on "Accounting Standards."

Securities portfolio breakdown

The following table shows the carrying value of the securities portfolio with risk borne by the Group, without considering investments in associates and joint venture, broken down by investment type (debt securities, equity securities and OEIC units). It also provides indications concerning financial risk exposure and uncertainties of flows.

NON-LIFE BUSINESS PORTFOLIO

(€/000)

Investment nature	Amount 31/12/2021	% of breakdown	Amount 31/12/2020	% of breakdown
DEBT SECURITIES	**1,238,158**	**60.8%**	**1,230,291**	**65.3%**
Listed treasury bonds:	**771,210**	**41.6%**	**732,561**	**40.2%**
Fixed-interest rate	771,210	41.6%	732,561	40.2%
Listed corporate bonds:	**247,836**	**13.4%**	**284,381**	**19.2%**
Fixed-interest rate	214,113	11.6%	252,585	17.5%
Variable interest rate	33,724	1.8%	31,796	1.7%
Unlisted corporate bonds:	**703**	**0.0%**	**703**	**0.0%**
Fixed-interest rate	101	0.0%	101	0.0%
Variable interest rate	601	0.0%	602	0.0%
Bonds of supranational issuers:	**218,409**	**5.8%**	**212,647**	**5.9%**
Fixed-interest rate	213,311	5.8%	207,646	5.9%
Variable interest rate	5,098	0.1%	5,001	1.3%
of which				
Total fixed-interest securities	1,198,735	96.8%	1,192,892	94.1%
Total variable-interest securities	39,423	3.2%	37,399	5.9%
Total debt securities	**1,238,158**	**100.0%**	**1,230,291**	**100.0%**
of which				
Total listed securities	1,237,456	99.9%	1,229,588	99.9%
Total unlisted securities	703	0.1%	703	0.1%
Total debt securities	**1,238,158**	**100.0%**	**1,230,291**	**100.0%**
EQUITY INSTRUMENTS	**114,186**	**6.1%**	**84,736**	**5.1%**
listed shares	37,723	2.0%	9,239	0.7%
unlisted equity instruments	76,463	4.1%	75,497	4.4%
OEIC UNITS	**500,971**	**33.1%**	**443,983**	**29.6%**
TOTAL	**1,853,315**	**100.0%**	**1,759,010**	**100.0%**

The fixed-income securities portfolio of Non-Life business has a duration of 1.9 years.

LIFE BUSINESS PORTFOLIO

(€/000)

Investment nature	Amount 31/12/2021	% of breakdown	Amount 31/12/2020	% of breakdown
DEBT SECURITIES	**1,440,340**	**74.8%**	**1,364,911**	**80.2%**
Listed treasury bonds:	**877,343**	**48.0%**	**930,462**	**58.9%**
Fixed-interest rate	877,340	48.0%	930,454	58.9%
Variable interest rate	3	0.0%	8	0.0%
Listed corporate bonds:	**423,067**	**23.1%**	**355,979**	**19.6%**
Fixed-interest rate	164,945	9.0%	169,954	9.9%
Variable interest rate	258,122	14.1%	186,025	9.7%
Unlisted corporate bonds:	**-**	**0.0%**	**110**	**0.0%**
Fixed-interest rate	-	0.0%	-	0.0%
Variable interest rate	-	0.0%	110	0.0%
Bonds of supranational issuers:	**139,930**	**3.7%**	**78,360**	**1.7%**
Fixed-interest rate	134,897	3.7%	73,176	1.7%
Variable interest rate	5,033	0.1%	5,183	0.2%
of which				
Total fixed-interest securities	1,177,182	81.7%	1,173,585	87.8%
Total variable-interest securities	263,158	18.3%	191,326	12.2%
Total debt securities	**1,440,340**	**100.0%**	**1,364,911**	**100.0%**
of which				
Total listed securities	1,440,340	100.0%	1,364,801	100.0%
Total unlisted securities	-	0.0%	110	0.0%
Total debt securities	**1,440,340**	**100.0%**	**1,364,911**	**100.0%**
EQUITY INSTRUMENTS	**13,298**	**2.1%**	**7,500**	**0.2%**
listed shares	2,022	1.5%	-	0.0%
unlisted equity instruments	11,276	0.6%	7,500	0.2%
OEIC UNITS	**374,236**	**23.1%**	**299,491**	**19.6%**
TOTAL	**1,827,874**	**100.0%**	**1,671,901**	**100.0%**

The fixed-income securities portfolio of Life business has a duration of 6.4 years.

The following tables show the carrying value of fixed-rate securities by maturity and the carrying value of floating-rate securities by type of interest rate, indicated separately in the Non-Life business portfolio and in the Life business portfolio.

NON-LIFE BUSINESS PORTFOLIO

Fixed - interest securities		(€/000)
Maturity	**Amount**	**% of breakdown**
< 1 year	576,120	48.1%
1<X<5	487,278	40.6%
5<X<10	135,338	11.3%
Total	**1,198,735**	**100.0%**

Variable - interest securities			(€/000)
Tipe of rate	**Indexation**	**Amount**	**% of breakdown**
Fixed to floater	3 months Euribor	12,495	31.7%
Fixed to CMS	Euroswap 5Y	5,430	13.8%
Variabile	3 months Euribor	9,115	23.1%
Fixed to CMS	Euroswap 1Y	4,702	11.9%
variabile	6 months Euribor	1,982	5.0%
Variabile	other	5,699	14.5%
Total		**39,423**	**100.0%**

LIFE BUSINESS PORTFOLIO

Fixed - interest securities		(€/000)
Maturity	**Amount**	**% of breakdown**
< 1 year	190,232	16.2%
1<X<5	330,890	28.1%
5<X<10	405,835	34.4%
more	250,225	21.3%
Total	**1,177,182**	**100.0%**

Variable - interest securities			(€/000)
Tipe of rate	**Indexation**	**Amount**	**% of breakdown**
Fixed to CMS	Euroswap 1Y	2,206	0.6%
Fixed to CMS	Euroswap 5Y	131,399	49.7%
Fixed to CMS	Euroswap 10Y	8,069	3.1%
Fixed to floater	Euribor 3 months	118,992	45.6%
Variabile	Euroswap 5Y	1,554	0.6%
Variabile	Euroswap 1Y	935	0.4%
Variabile	Euribor 6 months	3	0.0%
Total		**263,159**	**100.0%**

In implementing its investment policy, the Group limits its credit risk by choosing issuers with a high credit rating.
As can be seen from the table below, as at 31 December 2021, the nearly all corporate bonds held by the group were rated as investment grade.

			(€/000)
Rating		**Amounts**	**% of breakdown**
AAA		611,764	22.9%
AA+ / AA-		669,273	25.0%
A+ / A-		183,354	6.9%
BBB+ / BBB-		1,145,724	42.9%
	Total investment grade	2,610,115	97.7%
Non investment grade		61,852	2.3%
Not rated		703	0.0%
Total		**2,672,669**	**100.0%**

of which 562,085 relating to Italian government bonds

Income and charges from investments

The following table shows the breakdown as at 31 December 2021 of net gains from investments.

(€/000)

Gains and losses on investments, Cash & cash equivalents and Property	Realised gains/ (losses)	Unrealised gains/ (losses)	31/12/2021 total net gains/(losses)	31/12/2020 total net gains/(losses)
Investments	**92,569**	**4,256**	**96,825**	**65,118**
From:				
a investment property	28,007	-7,895	20,112	-4,015
b investments in subsidiaries and associates and interests in joint ventures	-353	-3,601	-3,954	-502
c held to maturity investments	270	-	270	473
d loans and receivables	252	-	252	294
e financial assets available for sale	65,572	-1,125	64,447	67,874
f financial assets held for trading	-	624	624	-
g financial assets at fair value through profit or loss	-1,179	16,253	15,074	994
Other receivables	537	-	**537**	**183**
Cash and cash equivalents	15	-	**15**	**54**
Financial liabilities	-18,020	-10,372	**-28,392**	**-21,342**
From:				
b financial liabilities at fair value through profit or loss	-	-10,226	-10,226	-3,857
c other financial liabilities	-18,020	-146	-18,166	-17,485
Total gains and losses on financial instruments	**75,101**	**-6,116**	**68,985**	**44,013**
Real estate business				
From:				
a Gains on property trading	54	-	54	3,487
b Rent income on owner-occupied property and property held for trading	5,024	-	5,024	3,587
Total real estate business	**5,078**	**-**	**5,078**	**7,074**
Total gains and losses on investments	**80,179**	**-6,116**	**74,063**	**51,087**

Net income with risk borne by the Group increased from 51,087 thousand euro to 74,063 thousand euro, an increase of 45.0%. The increase was mainly due to the capital gain of 14,077 thousand euro realised through the sale to A.C. Milan of building "C" of the Portello Business Park and income from newly acquired properties.

Income from financial assets available for sale included the accrual of capital gains to be paid to policyholders of the Rendimento Mensile segregated fund that will be realised upon maturity of forward sale transactions for a total of 15,074 thousand euro.

The weighted average return of the “bonds and other fixed-income securities” went from 2.26% at 31 December 2020 to 1.57% at 31 December 2021.

The charges of the other financial liabilities refer mainly to the interest expense relating to the subordinated loan described in the following paragraph "Financial liabilities".

The following table shows the breakdown of investment gains and losses by business segment.

(€/000)

Net income on investments	Insurance Business		Real Estate Business		Service Business		Intersegment Eliminations		Total	
	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20
Gains or losses on remeasurement of financial instruments at fair value through profit or loss	5,472	-2,863	-	-	-	-	-	-	5,472	-2,863
Gains or losses on investments in subsidiaries and associates and interests in joint ventures	-3,179	-4,688	-954	99	179	68	-	4,019	-3,954	-502
Gains or losses on other financial instruments and investment property	64,332	54,002	4,286	-5,481	-26	-17	-1,125	-1,125	67,467	47,379
Gains on property trading	-	-	54	3,487	-	-	-	-	54	3,487
Rent income on owner-occupied property and property held for trading	615	111	4,602	3,713	-	-	-193	-238	5,024	3,586
Total	**67,240**	**46,562**	**7,988**	**1,818**	**153**	**51**	**-1,318**	**2,656**	**74,063**	**51,087**

Requested information regarding temporary exemption from IFRS 9

It should be noted that, based on the analyses conducted to date, the bonds and other fixed-income securities available for sale shown in the table on page 33, mainly fall within the category of financial assets with contractual terms that provide, at certain dates, for cash flows represented solely by payments of principal and interest on the amount of principal to be repaid; the held to maturity investments at 31 December 2021 have been repaid in full (fair value of 11,566 thousand euro at 31 December 2020). This category does not include assets classified as loans and receivables, shares and units in UCITS and assets at fair value through profit or loss.

Financial liabilities

The following table shows the breakdown of financial liabilities by business segment.

(€/000)

Financial liabilities	Insurance Business		Real Estate Business		Service Business		Total	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Financial liabilities where the investment risk is borne by policyholders relating to index- and unit-linked policies	166,662	87,500	-	-	-	-	166,662	87,500
Financial liabilities where the investment risk is borne by policyholders relating to pension funds	29,547	27,114	-	-	-	-	29,547	27,114
Hedging derivatives	-	2,863	-	-	-	-	-	2,863
Reinsurance deposits	6,873	6,389	-	-	-	-	6,873	6,389
Payables to banks	11,238	7,697	101,262	101,262	-	-	112,500	108,959
Other financial payables	-	-	-	-	-	-	-	-
Other financial liabilities	164,556	201,346	-	-	65	702	164,621	202,048
Non-hedging derivatives	-	-	-	-	-	-	-	-
Subordinated liabilities	253,576	253,179	-	-	-	-	253,576	253,179
Total	**632,452**	**586,088**	**101,262**	**101,262**	**65**	**702**	**733,779**	**688,052**

The item “Financial liabilities designated at fair value through profit or loss" include the item "hedging derivative" that refers to the forward sale transaction with the objective of hedging against both interest rate and credit risk, which concerned part of the Italian government securities allocated to the Life portfolio for a nominal value of 307,750 thousand euro.

The item "Payables to banks" in the real estate sector, amounting to 101,262 thousand euros, refers to a mortgage loan related to the Pegasus Fund.

The item "Other financial liabilities" is mainly attributable to the item "Subordinated liabilities", referring to the subordinated bond loan issued in a single tranche on 11 July 2018 by Vittoria Assicurazioni.
The Bond is a non-convertible subordinated bond loan with a fixed rate of 5.75% per annum for a total amount of Euro 250,000,000, composed of n. 2,500 bonds with a unitary nominal value of Euro 100,000 each and destined for institutional investors.
The duration of the loan is 10 years from the issue date and the expiry is expected in July 2028, except in the case of early repayment. The Bond Issue was issued at 100% and is listed on the regulated market of the Irish Stock Exchange.

The item "Other financial liabilities" includes liabilities of 14,598 thousand euro deriving from the application of the accounting principle IFRS 16 relating to the residual debt of the lease payments provided for in the contract.

Reference should be made to the Explanatory Notes for greater detail on the various items’ breakdown.

The following table shows financial liabilities by maturity:

(€/000)

	31/12/21	31/12/20
< 1 year	89,925	33,546
1 < X < 3	37,888	71,788
3 < X < 5	127,224	154,140
5 < X < 10	278,038	310,328
more	200,704	118,251
Total	**733,779**	**688,052**

Risk report

The Risk Report is intended to provide all the information required by IFRS 7 regarding risks arising from financial instruments and insurance products to which the Group is exposed, as well information on the objectives, processes and capital management policies, according to the general principles of Solvency II regulations.

System of Internal Control and Risk Management

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,
- the risk management system, i.e. events that may negatively impact the achievement of the objectives, assessed in terms of likelihood and impact,
- the internal control system, i.e. the measures to be implemented to ensure compliance with rules and regulations, the efficacy and effectiveness of corporate operations, as well as the availability and reliability of financial and non-financial information.

Therefore, the internal control and risk management system plays an essential role in the Company's corporate governance. It is founded on the shared activity of the different stakeholders involved, in particular the Board of Directors, its Committees, the Board of Statutory Auditors, the Supervisory Body, the Control Functions and the Risk Owners, and is based on the following elements:

- the code of Ethics approved by the Board of Directors,
- an extensive system of guidance policies approved by the Board of Directors,
- an organized system consistent with the company strategy and policies, which is formalized in the drawing up of the Company's organizational chart and functions chart, periodically updated, that outline tasks and responsibilities assigned to each business unit, as well as in the systems of delegations,
- the assignment of the following responsibility to all corporate Functions:
- identifying the risks connected to their activity and assessing their impact, by monitoring the performance on a continuous basis,
- ensuring a proper level of reporting to the relevant functions,
- where necessary, activating all the required corrective actions,
- the existence of second level control functions (Risk Management, Compliance, Actuarial Function) 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 their effectiveness,
- a system of corporate rules, consisting of a set of provisions (macro-processes, processes, procedures, organizational arrangements and circulars), aimed at ensuring the achievement of the company targets. These provisions, that are subject to constant monitoring and adjustment, are the instrument through which the corporate processes are defined, and roles, responsibilities, operating and control procedures are identified, as well as the levels of segregation of tasks and responsibilities are guaranteed, both among different organizational units and within the units themselves. Provisions are formalized and spread to all corporate departments,
- an ongoing activity of training and refresher, destined for all employees and members of corporate bodies, on issues that are technical and insurance-related but also on the principles set forth by the Code of Ethics, as well as on the evolution of the primary and secondary regulation.

Roles and responsibilities

The following are the main roles and responsibilities within the framework of Vittoria Assicurazioni's risk management system.

Government bodies

The company has adopted a traditional model of administration and control, where the Board of Directors is the central body of the system of corporate governance and the Board of Auditors performs control functions.
The Board is supported by specific committees created within it.

Board of Directors

The Board of Directors has the responsibility to define strategies and guidelines on internal control and risk management and to ensure the adequacy and maintenance over time, in terms of completeness, functionality and efficiency.
To this end, it determines the system of risk targets, by defining, also on the basis of the Own Risk and Solvency Assessment, the risk appetite of the Company in line with the solvency requirements. It identifies the types of risk that intends to take, by consistently setting the related tolerance limitations, which it reviews once a year, in order to ensure their efficiency over time.
It adopts suitable guidance policies on internal control and risk management, including the environmental and social risks, generated and borne, in order to ensure the efficiency of the system and, hence, the proper functioning of the company mechanisms, the compliance with the law and the reliability of all information. These Policies include the specific elements of the internal control and risk management system, including the contingency plan, aimed at ensuring the business regularity and continuity.

Hence, the Board of Directors ensures that the corporate governance system is suitable to pursue the following objectives:

- efficiency and effectiveness of corporate processes,
- identification, current and forward-looking assessment, the management and the adequate risk control, consistent with the strategic guidelines and the risk appetite of the company even in the medium-long term,
- a timely reporting system of corporate information,
- reliable and accurate accounting and operational information,
- the safeguard of company assets in the medium-long term,
- compliance of the corporate business with existing rules and regulations, directives and corporate procedures.

Audit and Risk Committee

The Audit and Risk Committee supports the Board of Directors in determining the guidelines of the internal control and risk management system, in regularly checking its adequacy and effectiveness and in identifying and managing the main corporate risks. It also performs fact-finding surveys.

Finance Committee

The Finance Committee supports the Board of Directors, through fact-finding and proposal-making, in the definition of the investment policies and strategies, and in the supervision of their implementation, and the risk appetite and capital management.

Strategy Committee

The Strategy Committee supports the Board and senior management in setting goals and business strategies.

Real Estate Committee

The Real Estate Committee defines the strategies for the development of the real-estate sector, assesses the proposals of investment in the real-estate sector that are submitted by operating managers and oversees the performance of the Group's real-estate investments.

Appointments and Remuneration Committee

The Appointments and Remuneration Committee supports the Board of Directors in the resolutions concerning the appointments of top managers and in the definition of the remuneration policies.
As for the appointments, the Committee has advisory and fact-finding functions for the establishment and functioning of the Board of Directors and for the appointments concerning top managers.

Related-party Committee

The Committee examines beforehand the related-party transactions that are proposed by the relevant corporate structures and expresses opinions on their execution, while checking formal and substantial adequacy.

Senior Management

Pursuant to current regulation, Senior Management means the Managing Director, the General Manager, as well as the top managers in charge of the decision-making and strategy-implementing process.
In Vittoria Assicurazioni S.p.A., the roles of Managing Director, General Manager, Co-General Manager, Deputy General Manager and Central Manager for Administration, Finance, Planning and Control are included in this category.
These persons participate in the discussion of the fundamental choices of the company, that are subject to the Board of Directors and ensure implementation of the guidelines and policies through the operational functions, whilst ensuring an adequate segregation of duties both among individuals and functions, aimed at having them work closely and avoiding any conflicts of interest.
Senior Management is vested with the broadest executive powers, consistent with the model of powers and delegations adopted.

Risk Management Committee

Vittoria Assicurazioni has set up a Risk Management Committee in order to ensure the implementation and monitoring of a system of risk assumption, evaluation and management, consistent with the operations carried out by individual departments. In addition, the Committee ensures the implementation, maintenance and monitoring of the data quality management system. The members of the Committee are members of the Senior Management and Holders of the Control Functions.

Anti-money Laundering Committee

The Anti-Money Laundering Committee evaluates the operations reported as unexpected by the application system or by the operational departments (Management and distribution network functions), in order to support the Head of Anti-Money Laundering department in the decision to dismiss the report or to proceed with sending it to the Financial Intelligence Unit (FIU).

The following are the roles and responsibilities of the control functions, of the main non-Board Committees and of line functions within the company risk management system.

Line Functions

The Line Functions perform direct control activities (so-called "first-level control"), each one within their pursuit, aimed at:

- applying the guidelines approved by the Board of Directors, with respect to risks and controls management,
- identifying the risks related to its operations,
- assessing their impact,
- monitoring their progress on an ongoing basis,

- disclosing information to the relevant departments,
- implementing, where necessary, all the required corrective actions.

Anti-money Laundering Department
The Anti-Money Laundering department monitors the laundering risk and prevents and contrasts money-laundering operations and the financing of terrorism, ensuring compliance with anti-money laundering laws.

Anti-fraud department
The Anti-Fraud department prevents and acts against, directly and indirectly, insurance fraud, also in cost containment perspective. In the end, the Anti-fraud department helps to define guidelines, rules and measures to prevent fraud against the company, carrying out specific activities with the aim of identifying potential frauds.

Primary Functions
The Primary Functions perform second- and third-level control activities.

Risk Management
The Risk Management deals with the implementation and monitoring of the risk management system, based on a thorough view of all risks which the Company and its subsidiaries are or may be exposed to. Supports the top management in the identification, implementation and monitoring of a system of assumption, assessment and management of business risks in line with the strategies, policies and risk appetite defined by the Board of Directors.

Compliance
The Compliance ensures the proper management of compliance risks which the corporate organization is exposed to, by means of ex-ante and ex-post controls and coordinates the process for drafting and updating the guidance lines.

Actuary
The Actuarial department coordinates the calculation of both Non-Life and Life technical reserves according to Solvency II principles, assesses the adequacy of both Non-Life and Life technical reserves calculated for the purposes of preparation of the Statutory Financial Statements and Solvency II and certifies the correctness of the procedures followed. The Function checks also the appropriateness of the data used to support the assumptions and the adequacy of methods, models and assumptions used, and assesses the underwriting policies and reinsurance agreements, even taking into account the risk appetite, by providing specific opinions.

Internal Audit
The Internal Audit Function monitors and assesses the efficiency and effectiveness of the internal control system and further components of the corporate governance system, and monitors and assesses any adjustment needs, even by providing support and consultancy to the other corporate functions.

Classification of risks

Significant risks of the company, whose consequences can undermine the solvency of the Company or constitute a serious obstacle to the achievement of business objectives, are set periodically by the Board of Directors, even with the support of the assessments performed by the Primary Functions.

Risk cases applicable to the Company and portfolios managed are connected to the features of the insurance business, relating to both Non-Life and Life segments, to the structure of the distribution network, to the activities performed, to specific regulations which the Company is subject to, and to the complex development strategies.

Hence, they are mainly related to insurance risks, market risks, credit risks, liquidity risk, concentration risk, risks of regulatory non-compliance, reputational risks, operational risks and risks arising from belonging to the Group and environmental and social risks.

The **Strategic Risk** is the current or forward-looking risk of decrease in profits or capital and sustainability of the business model. It also includes the risk of not managing an adequate return on capital arising from change in the operating context or from incorrect business decisions, inadequate implementation of decisions, improper management of the risk of belonging to the group or poor responsiveness to changes in the relevant competitive sector.
In line with the Solvency II principles, this potential risk emerges mainly from the incompatibility of the following elements:

- the strategic objectives of the company,
- the business strategies developed,
- the resources used to achieve strategic objectives,
- the economic situation of the market in which the Company and its subsidiaries operate.

Major **Insurance Risks** included in the risk management process are related to the underwriting criteria, pricing models, the quantification of reserves and risk transfer techniques. The main risks to which the company is exposed are referred to:

a. Underwriting risk (underwriting and pricing): it reflects the risk that premiums are not sufficient to cover claims plus expenses and is derived from the selection of risks and the covered events (including catastrophe) as well as by results in the actual loss experience compared to that estimated.

b. Reservation Risk: derives from the quantification and runoff of technical provisions and considers the possibility that the asset will not be appropriate in respect of commitments to policyholders and injured parties.

c. Pricing risk of the Motor business: it is associated to the processes followed for the definition of the tariff to be applied to Motor policies, with particular reference to the TPL guarantee.

d. Risk of Reinsurance Retention: it derives from the definition and implementation of an inadequate reinsurance policy that may result in a less than optimal level of retention and an inefficient mitigation of exposure to risks.

The main **Market Risks** included in the risk management process are outlined below.

The **Interest Rate Risk**: arises from adverse changes and volatility of the interest rates. The Company is exposed to the interest rate risk with regard to the bond portfolio and insurance currency liabilities assessed with the Best Estimate method.
The debt securities, fixed and floating rate, exposed to interest rate risk on market value are shown separately for Non-life and Life business, with an indication of the duration, in the paragraph entitled

"Investment, Cash & Cash Equivalents, and Property - Securities portfolio breakdown", previously reported, together with the layering of the portfolio by maturity.

The fair value sensitivity related to fixed rate debt securities is shown in the table below:

(€/000)

Non – Life portfolio	+100BP	-100BP
Fixed-rate debt securities	(21,472)	22,624
Life portfolio		
Floating-rate debt securities	(72,359)	82,981

The fair value sensitivity related to floating rate debt securities is shown in the table below:

Non – Life portfolio	+100BP	-100BP
Fixed-rate debt securities	(895)	1,210
Life portfolio		
Floating-rate debt securities	35,955	14,377

Life insurance contracts provide a guaranteed minimum interest rate and have a direct link between investment income and benefits to be paid to policyholders, governed by the aforementioned assets/liabilities integrated management model.
In particular, the Group manages the risk of interest rate by matching the cash flows of assets and liabilities as well as keeping a balance between the duration of liabilities and that of the investment portfolio directly related to them.
Duration is an indicator of the sensitivity of the assets and liabilities market value to changes in interest rates.

The **Equity risk** reflects the possible adverse changes in the level and volatility of the market value of financial instruments and equities. The Group is exposed to equity risk with reference to shares and interests in listed and unlisted companies and units in investment funds and mutual funds. If the listed shares classified as "Financial assets available for sale", reported in the previous paragraph "Investments, Cash & cash equivalents and Property - Securities portfolio breakdown" recorded at 31 December 2021 a loss of 10%, the Group's equity, gross of tax effect, would decrease by 3,975 thousand euro.

The **Real estate risk** reflects the possible adverse changes in the level and volatility of market prices of real estate. The Group is exposed to real estate risk in reference to land, buildings, rights on property and the direct or indirect investments in real estate companies. The estate properties for own use of Vittoria Assicurazioni are included in this type of risk.

The **Spread risk** is the possible adverse change in the level and volatility of credit spreads. Vittoria Assicurazioni is exposed to the spread risk in reference to bonds, to finance, to mutual debt funds, non-residential mortgages and loans. The loans to associated companies and subsidiaries are included in this type of risk. This risk can be mitigated by hedging instruments, such as forward sales of securities held in October 2020 and are still ongoing.

The **Currency Risk** derives from adverse changes in the level and volatility of currency exchange rates. Vittoria Assicurazioni is marginally exposed to currency risk in relation to financial instruments and bank accounts denominated in foreign currencies.

The **Maturity mismatch risk** arises from the possibility that the company is unable to generate cash inflows that have a time frame aligned with the cash outflows and its risk/return objectives.

The **Government risk** is defined as the risk arising from the possibility that the issuers of Government securities are not able to efficiently fulfill their commitments, and the risk arising from a change in the implied spread.

The **credit or default Risk** reflects potential losses generated by an unexpected default, or deterioration in the credit standing, of the counterparties and debtors of the Group. The Group exposure to credit risk, which are not included in the spread risk, mainly refer to: reinsurance agreements (see table above in the section on reinsurance), receivables from other companies, cash at bank or at post office, receivables from intermediaries (e.g. receivables from agents) and customers (e.g. for premiums, for deductibles) and loans (residential mortgage).

The **liquidity risk** reflects possible losses arising from the difficulty of honoring the cash commitments, expected or unexpected, owed to counterparties. The risk arises mainly from the "Liquidity Mismatch Risk " i.e. the mismatch between cash inflows and cash outflows or an inadequate treasury management and from the "Market Liquidity Risk", i.e. the sale of assets (such as less liquid assets) in unfair economic and timing conditions, accordingly influencing the Net Asset Value of Vittoria Assicurazioni.
As at 31 December 2021, as noted in the tables in the previous section “Investments, Cash and Properties - Securities portfolio breakdown”, more than 95% of financial assets held was listed on a regulated market.
The breakdown of financial liabilities by maturity is given in the relevant section.
In addition, the Group's investment policy provides for the establishment of a liquidity ''buffer'' that can never be less than 300,000 thousand euro and that is normally more than double, also considering that the ''buffer'' calculation includes securities with maturities of less than 2 years and normally listed on the market.
The Parent Company holds approximately 391,000 thousand euro (market value at 31 December 2021) in alternative funds (Infrastructure Debt, Infrastructure Equity, Private Equity and Dutch Mortgage Loans funds) with limited or no liquidity and that these funds represent approximately 10% of the Company's total assets. In any case, the restriction extends for a maximum period of 15 years (related, however, only to Infrastructure Equity funds) and it is usually possible, even if not guaranteed, to sell the units on the unlisted secondary market and/or taking advantage of the ''windows'' offered by the management company itself.

The **Concentration Risk** is represented by all risk exposures with a potential loss, enough to threaten the solvency or the financial position of the Group.

The **risk of non-compliance with standards** is defined as the risk of incurring legal or administrative sanctions, significant financial losses or reputational damage as a result of violations of mandatory rules (laws, regulations), of self-regulatory standards (e.g. statutes, codes of conduct, self-regulatory codes, etc.) or the risk arising from adverse changes in the law or legal guidelines.

The **reputational risk** is defined as the risk of decrease in profits or capital arising from a negative perception of the Group by its main stakeholders (customers, shareholder, investors, lenders, regulatory authorities, employees, partners, distribution network, suppliers, general public, etc.). It includes the potential deterioration of perception of credibility and reliability and the increase in conflict with policyholders. The appreciation judgment is usually tied to the organization's quality, the characteristics and behaviors that derive from experience, from hearsay or from the observation of past actions of the organization.

The **Operational Risk** is the risk of losses arising from the inadequacy or dysfunction of internal procedures, human resources or systems or from exogenous events, including events which imply the breach - even potential - of rules and corporate practices on safety, such as computer frauds, cyber-attacks, malfunctions and disservices.

The **Group-related Risks** are referred to the spill-over risk, i.e. the spill-over effects that may, as a result of difficult situations arising in one entity of the Group, impact the solvency of the company itself, and to the risk of conflict of interests arising from a counterparty's interest in the infra-group operations.

The **Environmental and Social Risks** are associated to the use of the energy resources (renewable and non-renewable sources), greenhouse gas emissions, waste production and disposal, as well as the consumption of raw materials used for the business (paper and toners) and related relational aspects with customers and, more generally, with the local community towards which the Company promotes an economic and social development. Thanks to a rigorous and intact conduct driven by sustainability principles, the Company ensures an economic stability and profitability in the short and long runs.

Risk Management Process

The risk management process of Vittoria Assicurazioni allows to detect, measure, monitor and possibly mitigate risk and consists of the following stages:

- Risk identification,
- Assessment of exposure to risks,
- Risk monitoring,
- Risk treatment,
- Reporting.

Risk identification

The process of identification consists of identifying and mapping the risks to which the Company is or may be exposed, in addition to the emerging risks.

Risks are identified by the different company functions through:

- structured analyses of environment, both external (i.e. regulatory framework) and internal (i.e. strategic planning, capital allocation, launch of new products, entering new markets, investment process, etc.),
- analyses of activities underlying macro-processes and processes within relevant purview, which is defined by the corporate organizational chart.

The analyses are directly carried out or overseen by the functions of Risk Management, Actuary, Compliance, each one in relation to the specific area of competence.

Risk assessment

The assessment phase is aimed at measuring risks through quantitative methods, where it is possible, and/or qualitative methods. The quantitative measurement of risks is performed using several procedures, which are used to determine both the present situation both the medium to long-term situation.
Furthermore, in order to assess its vulnerability to extreme but plausible events, the Group makes use of specific quantitative techniques. In particular the stress tests allow to assess the effects on economic and financial conditions arising from specific events or from changes in a set of economic, financial and insurance variables in the event of adverse scenarios.
The quantitative techniques adopted determine the risk profile or the risk measure actually taken and detected at a given time instant. Any deviation from the level of risk appetite is monitored, as described in the following paragraph.

In addition, the company determines through quantitative measurement techniques the Solvency Capital, being the amount of equity that the company must hold, for regulatory and capital strength, to cover risks arising from the business.

This includes the ORSA process.

The Own Risk and Solvency Assessment is the assessment of the current and forward-looking risk profile of the Company and avails itself of methods, processes and techniques, commensurate to the nature, scope and complexity of risks associated to the business. The results achieved allow the company to take decisions in key areas such as capital management and allocation, strategic planning, product development and design and corporate risk management. The ORSA, representing the projection of the overall solvency needs over a period coinciding with that of the strategic plan of the company, reflects the risk profile, the risk appetite and business strategy.

Risk Monitoring

The monitoring is based on controlling, on an ongoing basis, exposure to different types of risk and is performed by verifying:

- compliance with the principles / guidelines defined in the policies adopted by the Company,
- compliance with risk and operational limits for specific risk categories,
- trend indicators such as those of capital value and liquidity.

Limits and indicators allow to measure the level of achievement of objectives in terms of business and risk. In particular, any tolerance thresholds are taken into account (maximum deviation from risk appetite) by checking the alignment between the profile detected and the risk appetite.

The risk monitoring process is structured into three phases:

- production of a risk measurement report: the risk owner prepares reporting defined for the risk monitoring with the frequency and the operating procedures defined in the reference policy,
- analysis of the measured risk and proposal of mitigation plan: the risk owner examines data on the risk measurement report of its competence and prepares a report aimed at sharing its findings, at explaining certain phenomena encountered and possibly at proposing a plan of action to deal with the risk. The report and the reports are submitted to the Risk Management,
- approval of a reaction and risk mitigation plan: the Risk Manager analyses information set out in reports, completes the exam with additional analysis deemed appropriate and makes the resulting evaluations. During the first meeting of the Risk Management Committee or, if deemed necessary, in a special session, mitigating/reacting plans, proposed by the line manager and approved by the Risk Management, are submitted for discussion and approval.

Risk treatment

The risk treatment consists in evaluating the possible options regarding the reaction to risk and then implement the one that is considered more appropriate. The choice, which also depends on the type and severity of the risk, is made between the following options: acceptance, avoidance, or attenuation and mitigation.

The acceptance option can result in the revision of risk targets, while avoidance can lead to review of the objectives and business strategies.

Some attenuation/mitigation measures are referred to Reinsurance, to reliance on real guarantees (deposits, mortgages, etc.) and to sureties, as well as to the implementation of management action (namely measures such as recomposition of the structure of assets and/or liabilities managed or the transfer of assets and/or liabilities).

Any deviation from the risk appetite, violation of operating limits or tolerances are managed through the process of definition of recovery actions. In particular the escalation process distinguishes stages and responsibilities depending on the severity of the violation:

- In cases of violation within the tolerance thresholds, the Managing Director promptly notifies the Risk and Control Committee, and with the support of the Risk Management Function and the Senior Management, defines a recovery plan.
- In cases of violation beyond the tolerance thresholds, the Managing Director promptly notifies the Board of Directors.

Reporting

The Board of Directors shall ensure that the risk management system and internal controls reflect the risk appetite and that appropriate measures are taken to ensure that there is a constant reporting activity to the Board.

The internal reporting system of the Group, designed for the purpose of communicating the information needed to make timely and effective decisions even in critical situations, follows the aim of promoting, at the appropriate hierarchical levels, all assumable, undertaken and future risks in the various business segments highlighting, in an integrated logic, the correlations of the risks and interrelations with the external environment. The Company ensures also appropriate information to the Parent Company.

Information flows are one of the instruments to implement the coordination among the different entities on which the Company's governance system is based and ensure that the Board is fully aware of significant corporate issues.

Information flows provide for:
- Top down flows: resolutions and Policies approved by the Board of Directors and submitted to the Senior Management for their definition in the ordinary company operations and their application.
- Bottom up flows: information flows that are produced by the operating Functions, the Senior Management and the Primary Functions and submitted to the Board Committees, or directly to the Board of Directors, so that these bodies can fulfil the duties associated to assessment, approval, decision-making and control.
- Horizontal flows: flows that enable the exchange of information among the Primary Functions, the Committees and between the latter ones and the corporate bodies.

The frequency for reporting each flow depends on its content and the purposes for which the flow has been designed. This frequency can be on an ad-hoc, monthly, quarterly, half-yearly basis.

Report on corporate governance and ownership structure

pursuant to Art. 123-*bis* of Legislative Decree 58/1998 (TUF)

As a result of the listing of the subordinated bond loan issued by Vittoria Assicurazioni on the regulated market of the Irish Stock Exchange, below are the main features of existing risk management and internal control systems in relation to financial reporting, as required by Article 123-bis, paragraph 5 of Legislative Decree 58/1998 (TUF).

Introduction

The internal control and risk management system relating to the financial reporting process is a component of the broader internal control and risk management system adopted by the Company.
The specific purpose of the system is to ensure the reliability, accuracy and timeliness of financial reporting and addresses the issues of internal control and risk management in a global perspective, in order to identify, evaluate and control the risks relating to the financial reporting process (financial reporting risk).

The Company has implemented a set of procedures in order to guarantee the reliability of the system relating to the production of financial information.
The responsibility for the implementation of the system, in the Company and in its subsidiaries, is assigned to the various company departments as better described in the following paragraphs.
This is the context of the Head of Administration in charge of preparing the accounting and corporate documents, to whom the Company has assigned the responsibilities of ensuring the preparation and effective implementation of the procedures for the preparation of the separate and consolidated financial statements and any other financial information.
To this end, the Head of Administration is assigned the task of designing, implementing and updating the internal control system in order to guarantee:
- the adequacy of the accounting system used,
- the formalisation of the relevant procedures and processes and their maintenance,
- the constant attention of administrative staff to the provisions of procedures and processes.

Description of the main features of the existing risk management and internal control system in relation to the financial reporting process

The main features of the financial reporting process adopted, with particular reference to its structure, the operating methods that characterise its operation and the roles and functions involved, may be described by illustrating:
a) the risk management and internal control process,
b) the corporate functions involved (with the related roles and responsibilities).

Risk management and internal control process

The system requires that:
- The processes and procedures regarding financial reporting are updated at least annually.
- All the administrative staff is constantly made aware of the updating and compliance with this documentation.
- As regards the financial information process of Vittoria Assicurazioni Group, the methodology and the results are similar to those of the Company.

Corporate functions involved

The responsibility for the actual implementation of the internal control system, in terms of the operation and specific implementation of devices, mechanisms, procedures, is widespread and integrated in the corporate structures.
In order to guarantee the correct functioning of the Internal Control System, in addition to the general monitoring function entrusted to the Board of Directors, the functions and roles attributed to the Control and Risk Committee, the Head of Administration and the second and third level control functions are essential. The details of the tasks/activities assigned to the functions are reported in the following paragraphs.

Control and Risk Committee

It has the following functions:
-Supports, with adequate preliminary activities, the Board of Directors in defining the governance system and the internal control and risk management system.
-Continuously checks the adequacy and effectiveness of the internal control and risk management system with respect to the characteristics of the Parent Company and the risk profile assumed.
-Evaluates, with the Deputy General Manager Administration, Finance, Planning and Control and after consulting the statutory auditor and the Board of Statutory Auditors, the correct use of the accounting principles and, in the case of groups, their homogeneity for the purposes of preparing the consolidated financial statements.
-Monitors the autonomy, adequacy, effectiveness and efficiency of the Fundamental Functions also by setting their respective objectives and evaluating their achievement, as well as examining and validating the contents, the annual activity plans and the reports of the Fundamental Functions.

- Acting as a liaison between the Board of Directors and the Supervisory Body for issues concerning the application of Legislative Decree 231/2001.
-The Control and Risk Committee reports to the Board of Directors on the activities performed and on the adequacy of the Internal Control System.

Second and third level control functions

The activities of the second level control functions, Risk Management, Compliance and Actuarial Function, as well as the third level control function, Internal Audit, are also performed in the risk management and control system related to the financial reporting process.
The Risk Management Function deals with the implementation of the risk management system, which includes the strategies, processes and reporting procedures necessary to identify, measure, manage and report the risks to which the Company is or could be exposed.
The Compliance Function identifies the relevant regulations as well as the controls with reference to regulatory compliance.
The Actuarial Function coordinates the calculation of Non-Life and Life Technical Reserves, assesses their sufficiency, certifying the correctness of the procedures followed, verifying the appropriateness of the data used to support the hypotheses and the adequacy of the methods, models and hypotheses used.
As regards the responsibilities attributed to the Financial Reporting Manager, please refer to the previous paragraph.
The Internal Audit Function deals with the adequate planning of the internal control system, assessing the design aspects and monitoring its effectiveness and efficiency.
Information flows and information exchanges are also envisaged in periodic meetings involving the Risk and Control Committee, the Head of Administration, the Board of Statutory Auditors, the Heads of the Internal Audit, Compliance, Risk Management and Organisation and the Supervisory Body established pursuant to Legislative Decree 231/2001.

Relations with the Supervisory Authority

Also during 2021, due to the continuing volatility of the financial markets and the macroeconomic situation, IVASS has asked the Italian Companies and Groups (including the Parent Company Yafa S.p.A.) an extraordinary monthly update (until the end of the year, and still ongoing) of the solvency position.

A quarterly monitoring of the liquidity situation was also requested, with an indication of the stocks and flows expected in the following month and quarter.

IVASS has also requested some specific in-depth studies from the Company on the following topics

- details on variable remuneration and dividends to be paid during the year (again, due to market volatility and the macroeconomic context), followed by requests for additions to the Remuneration Policy to be approved shortly;
- information on investment properties (exposure, economic performance, governance and risk assessment) and on the Investment, ALM and Liquidity Policy;
- more details in the information on the Report on the Control of the Distribution Network 2020.

The Parent Company responded promptly to the requests described above.

Solvency Capital Requirements

(pursuant to ISVAP Regulation n. 7/2007 amended and supplemented by IVASS Regulatory order n. 53/2016)

As required by the Supervisory regulations, the solvency situation is reported as at 31 December 2021. It is specified that the following data refer to Vittoria Assicurazioni S.p.A .:

Volatility Adjustment Evaluations	amounts in millions of euro
Solvency Capital Requirement	601
Minimum Capital Requirement	271
Solvency II Own Funds (net of dividend to be distributed in 2022)	1,174

Company's own funds belong to Tier 1 for 907 million euro, to Tier 2 for 266 million euro and to Tier 3 for 1 million euro.

Own funds covering MCR belong to Tier 1 for 907 million euro and to Tier 2 for 54 million euro for a total of 961 million euro.

The solvency ratio (ratio between Own Funds and S.C.R.) is 195.4%.
The Minimum Capital Ratio (ration between Own Funds and MCR) is 355.4%.

The data shown were calculated using the Standard Formula with USP.
The Undertaking Specific Parameters (USP) are a subset of parameters of the Standard Formula represented by Company-specific values that replace, subject to authorisation by the Supervisory Authority, the values determined by EIOPA at European level. These parameters refer to the assessment of the Solvency Capital Requirement.

Consolidated Non-Financial Statement for 2021 financial year

(pursuant to articles 3 and 4 of Legislative Decree No. 254 of 2016)

Consolidated Non-Financial Statement, envisaged by Legislative Decree No. 254 of 2016, is published in the Investor Relations \ Sustainability Report section of the Company's website www.vittoriaassicurazioni.com.

Infragroup and related-party transactions

The transactions carried out with Group companies are referred to normal business management with the use of specific professional skills at market costs and do not include atypical or unusual transactions.
The Company has not carried out any transaction, either in its own name or through fiduciary companies or third parties, referring to its own shares and those of the Parent Company.
This chapter shows the financial and economic relations that took place during the year with Group companies, excluding those which are subject to line-by-line consolidation.
The following table summarises the most significant economic-financial relations with Group companies not included in the consolidation area and with the administrative and control bodies:

(€/000)

Related parties	Other receivables	Loans	Other payables	Revenues	Costs	Dividends
Parents	-	-	-	70	183	30,338
Associates	18,016	8,189	815	483	20,519	206
Fees:	-					
Directors	-	-	851	-	4,369	-
Statutory auditors	-	-	241	-	317	-
Total	**18,016**	**8,189**	**1,907**	**553**	**25,389**	**30,544**

Relations and transactions with parent companies

During the period, Vittoria Assicurazioni S.p.A. distributed dividends for 30,338 thousand euro to the direct parent Yafa Holding S.p.A.

Service contracts are in place between the Parent Company Yafa S.p.A. and Vittoria Assicurazioni S.p.A., aimed at obtaining operational synergies at Group level.

Relations and transactions with associates

Mosaico S.p.A. – Turin
45.00% equity interest via Vittoria Immobiliare S.p.A.
The subsidiary Vittoria Immobiliare S.p.A. granted the associate an interest bearing shareholder loan, which has a balance of 496 thousand euro (747 thousand euro as at 31 December 2020).

Pama & Partners S.r.l. – Genoa
25.00% equity interest via Vittoria Immobiliare S.p.A.
The subsidiary Vittoria Immobiliare S.p.A. granted the associate a non-interest bearing shareholder loan, which has a balance of 501 thousand euro (501 thousand euro as at 31 December 2020).

Fiori di S. Bovio S.r.l. – Milan
40.00% equity interest via Vittoria Immobiliare S.p.A.
The subsidiary Vittoria Immobiliare S.p.A. gave the associate an interest bearing shareholder loan, which has a balance of 1,552 thousand euro (1,857 thousand euro as at 31 December 2020).

Aspevi Roma S.r.l. – Rome
49.00% equity interest via Interbilancia S.r.l.
The services rendered during the year by the company to Vittoria Assicurazioni for commissions totalled 5,444 thousand euro (4,885 thousand euro as at 31 December 2020). Payable to Vittoria Assicurazioni amounts to 3,236 thousand euro (3,127 thousand euro as at 31 December 2020).

Aspevi Milano S.r.l. – Milan
49.00% equity interest via Interbilancia S.r.l.
The associated company has a non-interest bearing shareholder loan with the parent company Vittoria Assicurazioni which has a balance of 920 thousand euro (920 thousand euro as at 31 December 2020). The services rendered during the year by the company to Vittoria Assicurazioni for commissions amount to 8,376 thousand euro (6,270 thousand euro at 31 December 2020). The debt to Vittoria Assicurazioni amounts to 13,416 thousand euro (9,888 thousand euro at 31 December 2020).

Aspevi Firenze S.r.l. – Florance
49.00% equity interest via Interbilancia S.r.l.
The services rendered during the year by the company to Vittoria Assicurazioni for commissions totalled 3,947 thousand euro. Payable to Vittoria Assicurazioni amounts to 2,103 thousand euro.

Human resources

As stated in the Company's Code of Ethics, Vittoria Assicurazioni is aware that the value of people, regardless of the level at which they work, is a key success factor. It therefore recognises the centrality of human resources and pursues the objective of enhancing their value, encouraging the continuous development of skills and competencies within a work culture based on merit and the ability to generate and maintain relationships based on fairness, professionalism and respect for people.
The protection and enhancement of the human resources that Vittoria Assicurazioni uses, ensuring respect for their moral and professional dignity, are pursued through:

- a careful assessment of applications, aimed at verifying the correspondence between the company's needs and the professional profiles to be selected: resources are identified primarily through internal selection processes, in order to promote their professional growth. Where no candidates consistent with the required profile can be found within the company, selection processes are activated, aimed at the market, in order to insert particularly qualified figures in terms of academic background and/or professional experience in the sector;
- a commitment to training appropriate to the role covered by each person, in accordance with the Company's objectives and strategies: Vittoria Assicurazioni believes that resources play a fundamental role in the process of creating value and therefore pays particular attention to the planning of education and training;
- encouraging forms of flexibility in the organisation of work, respecting individual/family and company needs
- the prevention of all forms of discrimination
- the adoption of a reward system that provides for
  - the constant professional development of resources, implemented through the performance evaluation system and the identification of growth paths;
  - the careful monitoring of the remuneration system, implemented both through a careful remuneration policy and through an incentive system that assigns formalised corporate, team and individual objectives, which the Company has progressively extended to the entire company population;
- the constant commitment to providing workplaces that not only comply with safety standards required by law, to protect the health of those who use them, but are also pleasant to live in.

The Group, even in 2021, the second year that has severely tested the emotional stability of each of us, has continued to pay great attention to people and their health, putting in place all possible prevention and protection measures to ensure safety in the workplace and using agile work alternating with presence in the Company.

Performance in early months of FY2022 and business outlook

In 2022, the Group will continue to monitor the status of the pandemic and deal with its evolutions as quickly as possible.

The company's performance in the first months of the 2022 financial year is positive and in line with the approved plan objectives.

The Board of Directors

Milan, 23rd February 2022

Consolidated financial Statements as at 31 December 2021

Balance Sheet

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)

	BALANCE SHEET - ASSETS	Note	31/12/2021	31/12/2020
1	**INTANGIBLE ASSETS**		**13,427**	**3,226**
1.1	Goodwill	1	0	0
1.2	Other intangible assets	2	13,427	3,226
2	**PROPERTY, PLANT AND EQUIPMENT**		**379,762**	**323,082**
2.1	Property	2	371,353	315,988
2.2	Other items of property, plant and equipment	2	8,409	7,094
3	**REINSURERS' SHARE OF TECHNICAL RESERVES**	3	**69,817**	**67,214**
4	**INVESTMENTS**		**4,443,805**	**4,203,106**
4.1	Investment property	4	315,202	347,413
4.2	Investments in subsidiaries and associates and interests in joint ventures	5	20,926	37,941
4.3	Held to maturity investments	6	0	11,565
4.4	Loans and receivables	6	227,220	272,226
4.5	Financial assets available for sale	6	3,681,186	3,419,339
4.6	Financial assets at fair value through profit or loss	6	199,271	114,622
5	**OTHER RECEIVABLES**		**313,642**	**291,807**
5.1	Receivables relating to direct insurance	7	223,735	203,643
5.2	Receivables relating to reinsurance business	8	5,217	7,908
5.3	Other receivables	9	84,690	80,256
6	**OTHER ASSETS**		**178,365**	**146,618**
6.1	Non-current assets or assets of a disposal group classified as held for sale		0	0
6.2	Deferred acquisition costs	10	8,389	7,049
6.3	Deferred tax assets	11	99,661	106,618
6.4	Current tax assets	12	28,220	15,923
6.5	Other assets	13	42,095	17,028
7	**CASH AND CASH EQUIVALENTS**	14	**17,337**	**9,901**
	TOTAL ASSETS		**5,416,155**	**5,044,954**

Vittoria Assicurazioni S.p.A.

Consolidated financial statements as at 31 December 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)

BALANCE SHEET - EQUITY AND LIABILITIES		Note	31/12/2021	31/12/2020
1	**EQUITY**		**889,322**	**812,430**
1.1	**attributable to the shareholders of the parent**		**842,671**	**765,743**
1.1.1	Share capital	15	67,379	67,379
1.1.2	Other equity instruments	15	0	0
1.1.3	Equity-related reserves	15	13,938	13,938
1.1.4	Income-related and other reserves	15	583,197	502,591
1.1.5	(Treasury shares)	15	0	0
1.1.6	Translation reserve	15	0	0
1.1.7	Fair value reserve	15	76,831	71,029
1.1.8	Other gains or losses recognised directly in equity	15	13	-77
1.1.9	Profit for the year attributable to the shareholders of the parent		101,313	110,883
1.2	**attributable to minority interests**	15	**46,651**	**46,687**
1.2.1	Share capital and reserves attributable to minority interests		44,854	49,966
1.2.2	Gains or losses recognised directly in equity		0	0
1.2.3	Profit for the year attributable to minority interests		1,797	-3,279
2	**PROVISIONS**	16	**56,709**	**51,102**
3	**TECHNICAL RESERVES**	17	**3,509,080**	**3,291,966**
4	**FINANCIAL LIABILITIES**		**733,779**	**688,052**
4.1	Financial liabilities at fair value through profit or loss	18	196,209	117,477
4.2	Other financial liabilities	18	537,570	570,575
5	**PAYABLES**		**106,124**	**94,216**
5.1	Payables arising from direct insurance business	19	13,878	10,803
5.2	Payables arising from reinsurance business	20	13,549	11,170
5.3	Other sums payable	21	78,697	72,243
6	**OTHER LIABILITIES**		**121,141**	**107,188**
6.1	Liabilities of a disposal group held for sale		0	0
6.2	Deferred tax liabilities	22	49,101	52,488
6.3	Current tax liabilities	23	1,020	17,039
6.4	Other liabilities	24	71,020	37,661
	TOTAL EQUITY AND LIABILITIES		**5,416,155**	**5,044,954**

Income Statement

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2021

SEPARATE INCOME STATEMENT

(€/000)

	Income Statement	Note	31/12/2021	31/12/2020
1.1	Net premiums		1,448,482	1,370,288
1.1.1	*Gross premiums*	25	1,500,956	1,407,889
1.1.2	*Ceded premiums*	25	52,474	37,601
1.2	Commission income	26	3,099	1,596
1.3	Gains or losses on remeasurement of financial instruments at fair value through profit or loss	27	5,472	-2,863
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	27	-353	608
1.5	Gains on other financial instruments and investment property	27	107,278	78,613
1.5.1	*Interest income*		38,326	35,696
1.5.2	*Other income*		47,415	28,076
1.5.3	*Realised gains*		21,537	14,841
1.5.4	*Unrealised gains*		-	0
1.6	Other income	28	10,481	18,630
1	**TOTAL REVENUE**		**1,574,459**	**1,466,872**
2.1	Net charges relating to claims		1,003,109	890,695
2.1.1	*Amounts paid and change in technical reserves*	25	1,042,840	913,244
2.1.2	*Reinsurers' share*	25	-39,731	-22,549
2.2	Commission expense	29	2,166	1,064
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	27	3,601	1,110
2.4	Losses on other financial instruments and investment property	27	39,811	31,235
2.4.1	*Interest expense*		18,020	17,118
2.4.2	*Other expense*		6,420	4,757
2.4.3	*Realised losses*		6,205	311
2.4.4	*Unrealised losses*		9,166	9,049
2.5	Operating costs		338,620	325,207
2.5.1	*Commissions and other acquisition costs*	30	277,360	258,109
2.5.2	*Investment management costs*	30	1,910	1,857
2.5.3	*Other administrative costs*	30	59,350	65,241
2.6	Other costs	31	37,378	59,434
2	**TOTAL COSTS**		**1,424,685**	**1,308,745**
	PROFIT FOR THE YEAR BEFORE TAXATION		**149,774**	**158,127**
3	Income taxes	32	46,664	50,523
	PROFIT FOR THE YEAR		**103,110**	**107,604**
4	**GAIN (LOSS) ON DISCONTINUED OPERATIONS**		**0**	**-**
	CONSOLIDATED PROFIT (LOSS)		**103,110**	**107,604**
	of which attributable to the shareholders of the parent		**101,313**	**110,883**
	of which attibutable to minority interests	15	**1,797**	**-3,279**

Basic EARNINGS per share		1.50	1.65
Diluted EARNINGS per share		1.50	1.65

Statement of other comprehensive income

Vittoria Assicurazioni S.p.A.

Consolidated financial statements as at 31 December 2021

(€/000)

COMPREHENSIVE INCOME (LOSS)	31/12/2021	31/12/2020
CONSOLIDATED PROFIT (LOSS)	**103,110**	**107,604**
Other comprehensive income, net of taxes without reclassification to profit or loss	**90**	**-59**
Changes in the equity of investees	-	-
Changes in intangible asset revaluation reserve	-	-
Changes in tangible asset revaluation reserve	-	-
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	-	-
Actuarial gains and losses and adjustments related to defined benefit plans	90	-59
Other items	-	-
Other comprehensive income, net of taxes with reclassification to profit or loss	**5,802**	**9,579**
Change in translation reserve	-	-
Gains or losses on available for sale investments	5,802	9,579
Gains or losses on hedging instruments	-	-
Gains or losses on hedging instruments of net investment in foreign operations	-	-
Changes in the equity of investees	-	-
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	-	-
Other items	-	-
TOTAL OTHER COMPREHENSIVE INCOME	**5,892**	**9,520**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME (LOSS)	**109,002**	**117,124**
of which attributable to the shareholders of the parent	**107,205**	**120,403**
of which attibutable to minority interests	**1,797**	**-3,279**

Statement of changes in equity

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2021
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Balance at 31/12/2019	Adjustment to closing balance	Allocation	Reclass. to profit or loss	Reclassifications	Changes in ownership interests	Balance at 31/12/2020
Equity attributable to the shareholders of the parent	Share capital	67,379	0	0		0		67,379
	Other equity instruments	0	0	0		0		0
	Equity-related reserves	13,938	0	0		0		13,938
	Income-related and other reserves	437,688	0	77,846		(12,943)	0	502,591
	(Treasury shares)	0	0	0		0		0
	Profit /(Loss) for the year	79,201	0	31,682		0		110,883
	Other comprehensive income	61,432	0	19,338	-9,818	0	0	70,952
	Total attributable to the shareholders of the parent	**659,638**	**0**	**128,866**	**-9,818**	**-12,943**	**0**	**765,743**
Equity attributable to minority interests	Share capital and reserves attributable to minority interests	76	0	49,890		0	0	49,966
	Gains or losses recognised directly in equity	-16	0	(3,263)		0		-3,279
	Other comprehensive income	0	0	0	0	0	0	0
	Total attributable to minority interests	**60**	**0**	**46,627**	**0**	**0**	**0**	**46,687**
Total		**659,698**	**0**	**175,493**	**-9,818**	**-12,943**	**0**	**812,430**

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2021
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€/000)

		Balance at 31/12/2020	Adjustment to closing balance	Allocation	Reclass. to profit or loss	Reclassifications	Changes in ownership interests	Balance at 31/12/2021
Equity attributable to the shareholders of the parent	Share capital	67,379	0	0		0		67,379
	Other equity instruments	0	0	0		0		0
	Equity-related reserves	13,938	0	0		0		13,938
	Income-related and other reserves	502,591	0	111,023		-30,417	0	583,197
	(Treasury shares)	0	0	0		0		0
	Profit /(Loss) for the year	110,883	0	-9,570		0		101,313
	Other comprehensive income	70,952	0	15,822	-9,930	0	0	76,844
	Total attributable to the shareholders of the parent	**765,743**	**0**	**117,275**	**-9,930**	**-30,417**	**0**	**842,671**
Equity attributable to minority interests	Share capital and reserves attributable to minority interests	49,966	0	-5,112		0	0	44,854
	Gains or losses recognised directly in equity	-3,279	0	5,076		0		1,797
	Other comprehensive income	0	0	0	0	0	0	0
	Total attributable to minority interests	**46,687**	**0**	**-36**	**0**	**0**	**0**	**46,651**
Total		**812,430**	**0**	**117,239**	**-9,930**	**-30,417**	**0**	**889,322**

Reference should be made to Notes to the consolidated financial statement for further information.

Statement of Cash Flows

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2021
CONSOLIDATED STATEMENST OF CASH FLOWS - INDIRECT METHOD

(€/000)

	31/12/2021	31/12/2020
Profit for the year before taxation	**149,774**	**158,127**
Change in non-monetary items	**200,846**	**161,649**
Change in non-life premium reserve	14,674	7,289
Change in claims reserve and other non-life technical reserves	60,306	17,974
Change in mathematical reserves and other life technical reserves	139,531	116,523
Change in deferred acquisition costs	-1,340	-376
Change in provisions	5,607	26,201
Non-monetary gains and losses on financial instruments, investment property and investments in subsidiaries and associates and interests in joint ventures	-1,478	-520
Other changes	-16,454	-5,442
Change in receivables and payables arising from operating activities	**-9,927**	**-35,677**
Change in receivables and payables relating to direct insurance and reinsurance	-11,947	-19,445
Change in other receivables and payables	2,020	-16,232
Paid taxes	**-46,664**	**-50,523**
Net cash flow generated by/used for monetary items from investing and financing activities	**-5,917**	**2,863**
Liabilities from financial contracts issued by insurance companies	78,732	25,329
Payables to bank and interbank customers	0	0
Loans and receivables from bank and interbank customers	0	0
Other financial instruments at fair value through profit or loss	-84,649	-22,466
NET CASH FLOW FROM OPERATING ACTIVITIES	**288,112**	**236,439**
Net cash flow generated by/used for investment property	32,211	-244,255
Net cash flow generated by/used for investments in subsidiaries and associated companies and interests in joint ventures	17,458	-18,169
Net cash flow generated by/used for loans and receivables	45,006	29,048
Net cash flow generated by/used for held to maturity investments	11,565	185
Net cash flow generated by/used for financial assets available for sale	-254,920	-241,407
Net cash flow generated by/used for property, plant and equipment	-66,881	124,046
Other net cash flows generated by/used for investing activities	0	0
NET CASH FLOW FROM INVESTING ACTIVITIES	**-215,561**	**-350,552**
Net cash flow generated by/used for equity instruments attributable to the shareholders of the parent	0	0
Net cash flow generated by/used for treasury shares	0	0
Dividends distributed to the shareholders of the parent	-30,417	-12,943
Net cash flow generated by/used for share capital and reserves attributable to minority interests	-1,693	48,552
Net cash flow generated by/used for subordinated liabilities and equity instruments	0	0
Net cash flow generated by/used for other financial liabilities	-33,005	76,109
NET CASH FLOW FROM FINANCING ACTIVITIES	**-65,115**	**111,718**
Effect of exchange rate gains/losses on cash and cash equivalents	0	0
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	9,901	12,296
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,436	-2,395
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	17,337	9,901

Accounting policies principles

General valuation criteria

Statement of IFRS compliance

The consolidated financial statements have been prepared in compliance with the international accounting and financial reporting standards (IASs/IFRSs) issued by the IASB and endorsed by the European Union as per EU regulation 1606 of 19 July 2002 and Italian Legislative Decrees 38/2005, 32/2007 and 209/2005.

The Group has not applied IFRSs before the year when they actually came into force. New IFRSs applicable starting from next year are not expected to have any significant impact on Group's accounts.

The Group prepared its first set of IFRS-compliant year-end financial statements in FY2005. As permitted by IFRS 1 ("First-Time Adoption of International Financial Reporting Standards"), for preparation of the opening balance sheet as at 1 January 2004, the Group elected to apply a number of optional exemptions. For information on exemptions, reference should be made to the "Accounting Policies" section of the Consolidated Annual Report & Accounts for the year ending on 31 December 2005.

Basis of accounting

The basic criteria are the historical cost and fair-value measurement for available-for-sale financial assets and of financial assets or liabilities recognised at fair value in the income statement.

The financial report is exposed in a comparative format, stating the previous year figures. Where it was deemed necessary, in case of changes in accounting policies, accounting policies or reclassifications, the comparative figures are restated and reclassified to provide uniform and consistent disclosures.
Taking into account the Solvency II ratio, the profitability of the Group and its careful management of risks, the consolidated financial statements have been prepared on a going concern basis.

IFRS accounting standards, amendments and interpretations effective from 1 January 2021

By Regulation (EU) No 2020/2097 of 15 December 2020, published in the Official Journal of the European Union on 16 December 2020, the IASB document 'Extension of Temporary Exemption from IFRS 9 (Amendments to IFRS 4 Insurance Contracts)' was adopted ('endorsed').
Entities with a predominantly insurance business are permitted to continue to apply the requirements of IAS 39 Financial Instruments: Recognition and Measurement for the classification and measurement of financial instruments until the effective date of IFRS 17 Insurance Contracts, which will replace the current IFRS 4. The temporary exemption from the application of IFRS 9 Financial Instruments is intended to avoid the volatility of profit/(loss) for the year that resulted from the asymmetry between the measurement criteria of IFRS 9 for financial assets and the measurement criteria of IFRS 4 for insurance liabilities.
As the IASB Board decided in June 2020 to postpone the effective date of IFRS 17 from 1 January 2021 to 1 January 2023, the deadline for the temporary exemption to apply IFRS 9 was also consistently extended by two years.

Although the document published by the IASB does not include a specific effective date, the European Endorsement Regulation states that the amendments to IFRS 4 are to be applied from 1 January 2021 for financial years beginning on or after 1 January 2021.

New accounting principles that are not yet effective

IFRS 9 Financial Instruments (replacement of IAS 39). On 24 July 2014, the International Accounting Standards Board (IASB) published the International Financial Reporting Standards (IFRS) 9 - Financial Instruments. The principle aims to emphasize on certain aspects:

- fair value for all instruments not only the ones remunerate the credit risk;
- logic of credit risk monitoring (including financial instruments consist of bonds), which enable the early detection and proper assessment of signs of impairment for evaluation purposes;
- adoption of predictive indicators (forward looking) and more stringent presumptions with respect to the practice;
- greater correlation between returns on financial instruments and risk (relative risk approach).

The application is mandatory as of 1st January 2018 following the approval of 29 November 2016. In September 2016, the amendment "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts Amendments to IFRS 4" which allows insurance companies to postpone the IFRS 9 (so-called "temporary exemption") adoption by FY2022 necessarily or allows to suspend the greater volatility introduced by the new principle on individual securities (so-called "overlay approach").

Vittoria Assicurazioni, based on preliminary analysis, believes that it meets the requirements of paragraph 20B of IFRS 4, which allow temporary exemption from IFRS 9 (c.d. *temporary exemption*). In fact, the Group's activities are mainly linked to insurance business.
The Group's liabilities connected with the insurance business mainly include:

- liabilities falling within the IFRS 4 scope;
- financial liabilities measured at fair value through profit and loss on the basis of IAS 39, relating to contracts issued for which the investment risk is supported by policyholders;
- tax liabilities related to insurance business.

During the next year the necessary study phases will continue in order to verify the correct classification of the existing portfolio and the related impacts.

IFRS 17 Insurance contracts. On 28 May 2017, the IASB published the Standard on Insurance Contracts, IFRS 17. The objective of the new principle is to ensure that an entity provides other relevant entities that faithfully represent the rights and matters arising from the insurance contracts issued. The IASB has developed the standard for eliminating inconsistencies and weaknesses in existing accounting policies by providing a single principle based framework to take account of all types of insurance contracts, including reinsurance contracts held by an insurer.
The standard valuation methodology is based on three accounting models that allow the estimation of insurance contracts at current values:

- "Building Block Approach" based on the expected future cash flows, weighted and corrected for a risk factor that includes the expected contractual service margin ("Contractual Service Margin") at the time of the subscription of the contract;
- Premium Allocation Approach, an alternative and simplified model with respect to the general accounting model applicable to insurance contracts with a contractual coverage of less than one year;
- Variable Fee Approach, an alternative model to the general accounting model applicable to the direct participations contracts accounting to take into account the commissions for managing the underlying assets recognized by the Company.

The entry into force is set for the 1st January 2023, leaving the possibility of an early application (if IFRS 9 and IFRS 15 are applied). Vittoria Assicurazioni, during the previous year, undertook the necessary stages of study and analysis of the issues, still in progress. The Directors expect that the application of IFRS 17 may have a significant impact on the recognition of insurance contracts and the related disclosures reported in the consolidated financial statements of the Group. However, it is not possible to provide a reasonable estimate of the effects until the Group has completed a detailed analysis of insurance contracts.

Use of estimates

Application of IFRSs for the preparation of consolidated financial statements and related explanatory notes requires the Group to make estimates that affect the amounts of balance-sheet assets and liabilities and disclosure relating to contingent assets and liabilities as at balance sheet date. Actual results may differ from such estimates. Estimates are used to recognise provisions for insurance liabilities, doubtful debts, depreciation & amortisation, measurements of assets, employee benefits, taxes, and other provisions, funds and fair value informative.

The technical reserves evaluation is performed by the Company's actuaries support and it is subjected to an examination by external actuaries.

More specifically, for items estimated (technical reserves, risk provision and activities and liabilities allocated to level 3 of fair value hierarchy) and whose carrying value is significantly affected by the assumptions, information is given in the detailed notes on the item concerned about the nature of such assumptions or any other uncertainties.
If significant, and in any case when required by IFRSs, indications are given of the sensitivity of carrying amounts to the fundamental methods, assumptions and estimates used to calculate them, together with the reasons for such sensitivity.
The estimates are reviewed regularly. The effects of each and any change are immediately recognised in the income statement or, in the case of financial assets available for sale and actuarial gains or losses, in equity.

Scope of consolidation

Subsidiaries

According to IFRS 10, subsidiaries are defined as those companies over which the Group is exposed to variable returns, or has rights of those returns, arising from their relationship with the same and at the same time has the ability to affect those returns exercising its power over its subsidiaries. In particular, in order to assess whether Vittoria Assicurazioni controls a company in which it invests, must be observed if the following conditions are met:

a) power over the undertaking is when there is the actual right to manage its core activities, i.e. activities that materially affect the results of the subsidiary;
b) the risk exposure or the rights arising from variable returns linked to his involvement;
c) the ability to influence the undertaking, so as to affect the results (positive or negative) to the investor.

The power arises from the rights. In some cases, the verification of the existence of power is immediate, such as when the power comes directly from the voting rights attached to the possession of capital securities. In other cases, the verification of the existence of power is more complex and therefore the analysis must take into account several factors such as when the power comes from contractual agreements.
Generally, the power exists when the other party has a majority of the voting rights, but in some circumstances may exist when the investor owns less than a majority of the voting rights. In this case, Vittoria Assicurazioni assesses whether this power can result from a wide range of rights, including voting rights or potential voting rights, the right to appoint or remove the key figures of the investee, including the right of veto in the facts of management and contractual rights. In addition, consider the practical ability to exercise that right; the presence of barriers for example, could jeopardize the existence of control (for example: existence of penalty, inability to obtain necessary information to exercise power, operational barriers such as lack of expertise for the replacement of management, regulatory barriers, etc.).

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is assumed until the date such control ceases. Are also included in the consolidated subsidiaries that carry out diverse activities than Vittoria Assicurazioni.

Associates and Joint Ventures

Under IAS 28, associated companies are not subjected to control by the Group, but the Group has significant influence on financial and operating policies of these companies. Significant influence is presumed when the investor holds, directly or indirectly through subsidiaries, at least 20% of the voting power. The consolidated financial statements include the Group's share of associates' gains and losses on an equity-accounted basis as from the date when significant influence commences until the date when the said significant influence ceases. When the Group's share of the associate's losses exceeds the carrying value of the investment, the latter is written down to zero and no share of any further losses is recognised, except to the extent that the Group has the obligation to answer for such losses.

The same accounting treatment is applied to the Joint Ventures, jointly controlled entities. In particular, IFRS 11 distinguishes between joint operations and joint ventures: a joint operation is an agreement in which both parties have rights to the assets and obligations for the liabilities resulting from the agreement. For accounting assets and liabilities being parties to the agreement are reflected in the financial statements using the relevant accounting standard. A joint venture is an agreement in which the parties are entitled to a share of the equity of the companies covered by the agreement. For accounting purposes, the joint venture is consolidated using the equity method; is no longer expected the proportional method as optional in the previously existing IAS 31.

Business combinations

Business combinations are the union of separate entities or businesses in a single entity which is required to prepare financial statements.

The acquirer therefore recognises the acquiree's identifiable assets, liabilities and contingent liabilities at their respective fair value as at acquisition date. The acquiree also recognises goodwill which is regularly tested for impairment.

Consolidation method

1) The financial statements of all consolidated companies are prepared as at 31 December of the financial year concerned.
2) Figures shown in consolidated financial statements have been taken from individual companies' financial statements, duly restated to assure consistency of presentation and modified solely to align investee companies' accounting policies with those of Vittoria Assicurazioni.
3) Minority interests in subsidiaries are included, with analogous the portion of the result of the year, in the specific liability and income statement captions of the consolidated financial statements.
4) The accounting currency used to prepare consolidated financial statements is the euro.
5) Acquisitions of subsidiaries are recognised using the purchase method whereby the identifiable assets, liabilities and contingent liabilities acquired are measured at fair value as at acquisition date, which is the date on which consideration is paid.

   Consolidated companies' adjusted equities are eliminated against the related equity investments recorded in holder companies' financial statements.
   The fair value initially set on the assets and liabilities acquired may be adjusted within twelve months after acquisition date, if it was originally measured on a provisional basis.

   In this case, any goodwill or profit recognised in the financial year when the acquisition took place is adjusted accordingly, recalculating comparative data presented in the previous set of accounts.
6) Any positive difference between the cost and the Group's interest in the fair value of the assets and liabilities acquired is classified as goodwill and recognised in accounts as an intangible asset. Any negative difference (negative goodwill) is instead recognised as revenue at the time of acquisition. Minority interests are measured according to the fair value of the assets and liabilities of the interest acquired.

   Goodwill is tested for impairment annually or more frequently if specific events or changes in circumstances make it necessary, in accordance with IAS 36 ("Impairment of Assets"). After initial recognition, goodwill is measured at cost net of any cumulative impairment losses.
7) Infragroup balances and transactions, including revenues, costs, and dividends, are entirely eliminated. Gains or losses stemming from infragroup transactions and included in the carrying amount of assets, such as inventory, or non-current assets are also entirely eliminated. Any intercompany losses are eliminated if they do not reflect enduring impairment of the intrinsic value of the assets transferred.
8) Differences arising from the measurement of investments in associates using the equity method are recognised in the value of equity investments shown among balance sheet investment assets and, as a balancing entry, in the equity account called "Earnings reserves and other financial reserves" as valuation adjustments to unconsolidated equity investments. The Group's share of associates' profit or loss is recognised under the income-statement caption "Gains (losses) on investments in subsidiaries and associates and interests in joint ventures". If the group's share of losses equals or exceeds the carrying value of the investment in that associate, Vittoria Assicurazioni stops recognising its share of any further losses. After writing the investment in the associate down to zero, further losses are provisioned and recognised as liabilities only to the extent that Vitttoria Assicurazioni has incurred legal or constructive obligations or made payments on behalf of the associate. In case the associate subsequently makes a profit, the Company resumes recognition of its share of profits only after such a share has covered all previously unrecognised shares of losses.

   After it has recognised the associate's losses, Vittoria Assicurazioni applies the rule of IAS 39 to see whether it is necessary to recognise further losses due to impairment of the net interest (and net investment) in the associate.

Segment reporting

Primary segment reporting (business segments)

The income statement and balance sheet items relating to insurance contracts (as defined by IFRS 4), are allocated to the Life insurance business segment (which, very briefly, includes all contracts envisaging payment of a premium against the payment of benefits if the policyholder dies or survives) or to the Non-life business segment (which includes all other insurance contracts).
The Life insurance segment also includes all income statement and balance sheet items relating to investment contracts.
The Real Estate segment includes all income statement and balance sheet items relating to trading, development, and related services.
The Services segment includes the income statement balance sheet items relating to services rendered, mainly to Vittoria Assicurazioni.
The share of investments and profits or losses of associates that operate in more than one segment is classified in the segment where the investment in the associate is held.

The assets, liabilities, costs, and revenues attributed to each business segment are shown in the tables provided in the section “Appendices to Consolidated Financial Statements”, prepared as per the formats recommended in IVASS ordinance no. 7 of 13 July 2007 and subsequent modifications.

Secondary segment reporting (geographical segments)

For the purposes of secondary segment reporting, we highlight the fact that:

- The main revenues (premiums and profits on real estate trading, development, and services) by geographical customer segment, as well as figures on deferred costs are mainly aggregated by Italian macro-region (i.e. North, Centre and South);
- Allocation of assets by geographical segment, i.e. based on assets’ geographical location, has led to identification of three areas: Italy, Rest of Europe and Rest of World. This presentation permits an effective representation of the diversification of investments in securities.

Industry-specific accounting policies

Foreword

Insurance contracts and investment contracts – definition and accounting treatment

Based on the definition given IFRS 4, insurance contracts provide for the transfer of a significant insurance risk, other than a financial risk, by the policyholder to the contract issuer and compensation for the policyholder for damage arising from a specified uncertain future event. A threshold of 3% has been set for the identification of these contracts.
Subsequently, IFRS 4 has introduced limited improvements to the recognition and measurement of items relating to insurance contracts, substantially providing for continued application of most of the local GAAPs currently in force.

Based on analysis of the insurance policies in our portfolio, all non-life contracts are covered by IFRS 4. As regards the life business:

<u>Insurance contracts</u>

For contracts for which the insurance risk is rated as significant, current Italian accounting standards are applied (Italian GAAPs). In the case of insurance contracts with discretionary profit participation features, insurance liabilities are supplemented based on shadow accounting.

<u>Financial contracts with discretionary profit participation features</u>

Contracts of a financial nature that, although not having a significant insurance risk, envisage discretionary profit participation (policies linked to separately managed businesses), as allowed by IFRS 4, have been measured and recognised applying the same criteria as those envisaged for the insurance contracts mentioned above, with consistent recognition of the reserve based on shadow accounting. Capital-redemptions, for example, come into this category.

<u>Investment contracts</u>

Contracts of a financial nature that have neither a significant insurance risk nor discretionary profit participation features are accounted for according to the rules of IAS 39 (Financial instruments: recognition and measurement) and IAS 18 (Revenue).

Life contracts of the Class III type (index- and unit-linked) and Class VI type (pension funds) come within the scope of this treatment and are therefore accounted for as summarised below:

- Financial assets and liabilities relating to such contracts are measured at fair value through profit or loss;
- Revenue for fixed contract-issue costs incurred by the policyholder is recognised in full in profit in the year when the contract is acquired;
- Up-front loading and acquisition commissions paid to brokers and agents as at contract acquisition date are recognised respectively as other liabilities and other assets, as they relate to deferred income and prepaid costs concerning long-term services charged to profit or loss in line with the costs incurred over policies' actual or estimated term;
- Estimation of policies' term takes into account policyholders' propensity to require settlement based on the company's historical experience and, for new products, assessments made during new-product development work;
- Profit or loss items that occur annually, such as management fee income and commissions paid, together with portfolio management costs, are directly expensed in the year when they are generated.

Balance Sheet

ASSETS

1 Intangible assets

1.2 Other intangible assets

Other intangible assets are recognised in balance sheet assets, as per IAS 38, when:
- It is likely that their use will generate future economic benefits;

- The Group has control or has the power to obtain these benefits;

- Assets' cost can be measured reliably.

Assets are measured at cost net of amortisation and cumulative impairment losses. Amortisation is calculated on a straight-line basis over the assets' estimated useful lives.

As required by IFRSs, they are tested for impairment at least annually with recognition as a loss of the excess of carrying value vs. recoverable value. A check is also performed of their residual useful lives.

The group's assets have finite useful lives.

Other intangible assets recognised after acquisition of a company are recognised separately from goodwill if their fair value can be measured reliably.

2 Property, plant, and equipment

This item includes properties used in the ordinary business and other tangible assets.

2.1 Property

- ### Owner-occupied property

As required by IAS 16, property for own use is stated at cost less depreciation and cumulative impairment losses.

This includes costs directly attributable to bringing the asset to the condition necessary to enable it to operate as required by the company.

Ordinary maintenance costs are directly expensed when incurred.

Costs incurred after acquisition are capitalised only if they can be reliably measured and if they increase the future economic benefits of the assets to which they refer. All other costs are expensed.

Depreciation is applied on a straight-line basis over the property's estimated useful life of between 30 and 50 years.

As land has an indefinite useful life, it is not depreciated. Given this, land and buildings are recognised separately even when they are acquired together.

As required by IAS 36, buildings are tested for impairment at least annually with recognition of any excess of their carrying value over their recoverable value as a loss.

In accordance with IFRS 16, leased properties are recorded in this category net of the related depreciation fund. For this type of property, the principle provides that an asset must be recognized, which represents the right of use of the leased asset.

- ### Property held for trading - Property under construction

The item includes property under construction and that acquired for trading purposes by group companies.

The profit arising from property sales, purchases and promotion (which in real estate companies' statutory financial statements is the balance between sales revenue, purchases, improvement costs and changes in inventory) is reclassified to "Other income".

Until completion of buildings' construction, the Group's real estate companies capitalise all directly allocable improvement costs, including interest expense connected with financing of the initiative.

<u>Property held for trading or with specific features defined by the constructor</u>

Those properties held for trading are recognised at the lowest between cost and net realisable value based on market trends. This lower value is not maintained in subsequent years if the reasons for write-down cease to exist. As required by IAS 23, the financial charges directly attributable to the construction of the buildings are capitalized until the date of completion of the works. The amount of the write-down of inventory to net realisable value is recognised as a cost in the year as is its possible adjustment.

The market value of the properties is estimated by means of appraisals drawn up by independent 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 nature, such as rents, realizable expectations and the relative timing, and through any offers received from market operators.

For the year ended December 31, 2021, the process of estimating the market value of the properties, among other variables, also had to take into account the exceptional nature of the macroeconomic scenario resulting from the Covid-19 health emergency.

2.2 Other items of property, plant, and equipment

Plant and equipment, publicly registered movable assets, furniture and fittings, and office machinery are stated at purchase or purchase cost less depreciation and cumulative impairment losses.

Cost includes costs directly attributable borne to bring the asset to the location and the condition necessary to enable it to operate as required by the company.

Ordinary maintenance costs are expensed when incurred.

Costs incurred after acquisition are capitalised only if they can be reliably measured and increase the future economic benefits of the assets to which they refer. All other costs are expensed.
Leasehold improvements are classified as an item of property, plant and equipment. If they can be separated from the asset to which they relate, they are recognised in the relevant category depending on the nature of the cost incurred. Otherwise, they are classified in a stand-alone category. The depreciation period is equal to the shortest between the item's remaining useful life and the residual term of the lease contract.

Depreciation is calculated on a straight-line basis over the asset's estimated useful life.

Assets are tested for any impairment at least annually with the recognition of any excess of their carrying value over their recoverable value as a loss. A check is also performed of the consistency of their residual useful life.

In accordance with IFRS 16, this category includes tangible assets (cars, equipment) under leasing, net of the related depreciation fund. For this type of asset, the principle provides that an asset must be recognized, which represents the right of use of the leased asset.

3 Reinsurers' share of technical reserves

Reinsurers' obligations arising from reinsurance treaties governed by IFRS 4 are recognised in this item.
Reinsurers' share of technical reserves is recognised consistently with the criteria applicable to the underlying direct insurance contracts. It is adjusted to expected recoverable value at each financial reporting date.

4 Investments

Initial recognition and subsequent measurement

All financial assets are initially recognised at fair value.

Transaction costs are expensed for financial assets measured at fair value through profit or loss or included in initial recognition if related to other financial assets.

After initial recognition, financial instruments designated as available for sale and those designated at fair value through profit or loss are measured at fair value. Financial instruments held to maturity and loans and receivables are instead measured at amortised cost.

For securities traded in regulated markets, fair value is calculated based on the closing stock exchange price as at balance sheet date.

If a market valuation is not available for the investment, its fair value is measured on the basis of the current market value of other substantially similar financial instruments or by using appropriate valuation techniques. Such techniques include use of recent transactions, discounted cash flow analysis or models able to provide reliable estimates of prices practised in current market deals. If fair value cannot be measured reliably, the financial asset is measured at cost, adjusted for any impairment losses.

For OEIC Units fair value is the published unit value.

The fair value of non-interest bearing loans and of those featuring interest at other than market rates is estimated as the present value of all discounted inflows using the prevalent market rate for a similar instrument.

Recognition date

Purchases and sales of financial assets are recognised on transaction date.

Impairment

At each reporting date financial assets designated as available for sale, those designated as held to maturity and loans and receivables are subject to an impairment test based on the provisions of IAS 39. Financial instruments designated as held for trading and those designated at fair value through profit or loss are not subject to such a test, as their changes in fair value are already charged to profit and loss.

Impairment policy on financial assets adopted by the Group

Depending on investment in equities or bonds, the following factors are assessed when determining an impairment of a financial asset:

1. Bonds
    1.1. Government Bonds

        State of default, breach of contract (failure to pay interests or capital), significant deterioration in their rating.

    1.2. Corporate Bonds

        State of default, breach of contract (failure to pay interests or capital), significant deterioration in their rating or significant financial troubles.

In addition, it is pointed out that our impairment procedure establishes that downgraded debt securities are not subjected to impairment if they are accompanied by guarantees or protective mechanisms instituted by supranational entities, by other sovereign countries or by other issuers with high credit ratings, such as to have a positive effect on the ability to repay at maturity, thus making the change of rating less significant.

2. Equities and strategic investments and mutual funds

Investments are to be impaired in case of a prolonged or significant decline, *i.e.*:

2.1. a decline for a continuative period of 36 months, or;

2.2. a decline in the value of an investment higher than 40% at the reporting date.

Apart from the above indicators, the need of an impairment is assessed when signals indicating a permanent loss occur.

Fair value definition

IFRS 13 defines fair value as the price that you would receive for the sale of an asset (exit price) or that would be paid to transfer a liability in a regular transaction between market participants at the measurement date.

Information on the fair value hierarchy

The allocation to one of three levels of fair value under IFRS 13 follows the following criteria:

- Level 1: financial instruments listed in an active market;
- Level 2: financial instruments whose fair value was determined based on valuation techniques based on observable market inputs other than quoted prices of the financial instrument;
- Level 3: financial instruments whose fair value was determined based on valuation techniques based on non-observable on the market.

In the fair value definition are privileged observable market variables and assumptions, and are used other valuation methods only in the absence of such input.

Investments are classified as follows:

4.1 Real estate investments

As required by IAS 40, the item includes property held to earn rentals and / or for achieving objectives of capital appreciation. Real estate investments are valued using the cost model in IAS 40, adopts the depreciation criteria of IAS 16.

The properties used or selling ordinary course of business are classified as tangible assets. The presence of any loss in value is established by expert reports drawn up by independent 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 of a non-financial nature, as rents, realizable expectations and the relative timing, and through any offers received from market operators.

4.2 Investments in subsidiaries, associates, and joint ventures

In determining the investment relationship, the definitions of control, significant influence and joint control applied are those required by IFRS 10, 11 and IAS 28.
This item includes equity investments that are not consolidated on a line-by-line basis, measured using the equity method or at cost.
Immaterial investments in subsidiaries or associates are measured at cost, adjusted for any impairment losses.

Investments in subsidiaries are eliminated during the consolidation process.

Investments in subsidiaries, associates and joint ventures are derecognised when, following disposal or other events, missing the requirements of IFRS 10 and 11 for their detection.

Vittoria Assicurazioni does not hold a joint holding company, for which IAS 28 provides the equity method.

Impairment test for goodwill recorded in the financial statements in relation to the excess of the cost paid for the acquisition of subsidiaries over the share attributable to the equity method is performed by making a comparison between the carrying amount of the investment and the greater of fair value and value in use. In assessing value in use refers to recent plans approved and market variables.

4.3 Held-to-maturity investments

The assets classified as held-to-maturity are cash instruments (i.e. not derivatives) with fixed or determinable payments and fixed maturity that the Group effectively intends and is able to hold until maturity.

They do not include assets:

- Designated upon initial recognition as being at fair value going through profit or loss;
- Designated as available for sale;
- That qualify as loans and receivables.

These assets are measured at amortised cost using the effective interest method.

If there is objective evidence of an impairment loss, the asset's carrying amount is written down, recognising the loss directly in the income statement.

Gains and losses relating to amortisation and any difference between the carrying amount and consideration received at the time of derecognition are taken to profit or loss.

In case of significant sales before maturity or the change of intent and / or ability to hold, the so called *"tainting rule"* triggers (penalty clause), which requires the reclassification of the entire portfolio outside the HTM class and prevents reuse this portfolio category for the following two years.

4.4 Loans and receivables

Loans and receivables are non-derivative assets with fixed or determinable payments that are not listed in an active market.

Assets held for trading, designated at fair value through profit or loss or as available for sale, are not classified in this category.

These assets are measured at amortised cost using the effective interest method.

This category includes mortgage loans, loans on life insurance policies, loans granted to employees and agents by Vittoria Assicurazioni, and inward reinsurance deposits over 15 days (term deposit).

If there is objective evidence of an impairment loss, the asset's carrying amount is written down, recognising the loss directly in the income statement.

4.5 Financial assets available for sale

This category comprises assets designated as available for sale or however not classified as:

- Financial assets at fair value going through profit or loss;
- Held-to-maturity investments;
- Loans and receivable.

These assets are measured at their fair value.

Unrealised gains and losses are recognised directly in equity, with the exception of impairment losses and foreign exchange gains and losses. At the time of sale or impairment of the financial asset, the cumulative gains or losses, including those previously recognised in equity, are taken to profit or loss. Any subsequent recovery of value, up to the value before recording the loss, are recorded respectively in the income statement in the case of debt instruments, in equity in the case of equity securities.

Interest pertaining to the year is recognised directly in profit or loss using the effective interest method. Dividends are recognised when the shareholders' right to payment arises.

4.6 Financial assets at fair value through profit or loss

This category includes assets held for trading, strategic possession of which aims to obtain a profit in the short term, or that are designated upon initial recognition at fair value through profit or loss.

More specifically, the Group classifies in this category its the financial assets hedging:

- over-the-counter (OTC) forward purchase and sale contracts having as underlying a defined financial asset;
- investment contracts for which the investment risk is borne by policyholders and related to the management of pension funds.

These assets are measured at their fair value.

Any gains or losses are directly recognised in profit or loss.

5 Other receivables

This category consists of:

5.1 Receivables relating to direct insurance

These are receivables due from policyholders for unpaid premiums and from agents, insurance brokers and co-insurance companies. The item also includes amounts to be recovered from policyholders and third parties for claims payments on policies with “no claims bonus” clauses, and for deductibles and subrogations.

They are stated at nominal value and are adjusted on each financial reporting date to their presumed realisable value, calculated on the basis of historic trends of collections by individual business line.

5.2 Receivables relating to reinsurance

These are receivables due from reinsurers or insurers for reinsurance transactions. They are recognised at nominal value and thereafter are measured at presumed realisable value on each financial reporting date.

5.3 Sundry receivables

These are receivables relating neither to insurance nor tax. They include down payments to third parties. They are recognised at nominal value and thereafter measured at presumed realisable value on each financial reporting date.

6 Other assets

This category consists of:

6.1 Activities of a disposal group held for sale

In accordance with IFRS 5 are recorded under this item non-current assets or disposal groups classified as held for sale. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, the completion of which should be expected within one year from the date of classification. The assets are stated at the lower of carrying value and fair value, net of selling costs. The gain or loss resulting, net of taxes, are shown separately in the statement of comprehensive income.

6.2 Deferred acquisition costs

In compliance with IFRS 4, this item includes acquisition costs paid in advance upon signature of long-term contracts and amortised over contract duration.
As required by IFRS 4, such costs are accounted for in accordance with local GAAPs.

<u>Non-life business</u>: acquisition costs on long-term contracts, with specific reference to acquisition commissions, are capitalised and amortised in three years from the year when they occurred. Based on contract duration and regulations governing the applicability of commission charges, this amortisation period can be considered to be economically consistent.

<u>Life business:</u> acquisition costs relating to new contracts, for the part not outwardly reinsured, is capitalised within the limits of related loading and amortised on a straight-line basis over the term of the underlying contracts within the 10-year limit. The amortisation period is deemed to be economically consistent.

Residual commissions on policies cancelled during the amortisation period are expensed in the year when such policies are eliminated from the portfolio.

6.3 and 6.4 Current and deferred tax assets

These items include current and deferred tax assets, as defined and governed by IAS 12, including deferred tax assets relating to prepaid taxes on the life business mathematical reserves pursuant to Article 1, point 2, of Italian Decree Law no. 209/2002 as definitively enacted by Article 1 of Law no. 265/2002 and subsequent amendments.
These assets are recognised in line with current tax legislation on an accruals basis.
For items recognised as deferred tax assets, on each financial reporting date the Group checks whether any changes have occurred in relevant tax regulations, such as to lead to a different valuation.
Reference should be made to the accounting policy referring to "Current and deferred taxation" in the Income Statement section.

6.5 Other assets

This item includes reinsurance suspense accounts, deferred commission expense on investment contracts, and accrued income and prepayments relating respectively to sundry income and general & administrative expenses.
Reference should be made to what has already been indicated in the earlier section "Insurance and Investment Contracts – definition and accounting treatment".

7 Cash and cash equivalents

Cash and cash equivalents include items that meet the requirements of availability on demand or in the extremely short term and the absence of collection expenses. They are recognised at their nominal value.

LIABILITIES

1 Equity

1.1 Equity attributable to the shareholders of the Group

1.1.1 Share capital

Ordinary shares are recognised as share capital (subscribed and paid in) at their par value.

1.1.2 Other equity instruments

This item includes instruments representing capital – but not included in share capital – consisting of special share categories and the equity portion of complex financial instruments. More specifically, it includes the equity portion stemming from valuation of the conversion option relating to the convertible subordinated loans issued by Vittoria Assicurazioni.

1.1.3 Equity reserves

This item comprises the share premium reserve.

1.1.4 Earnings-related and other reserves

This item specifically includes:

- Retained earnings or losses carried forward, including the legal reserve;
- The reserve for gains or losses on IFRS first-time adoption;
- Consolidation reserves;
- Reserves for the reclassification of the catastrophe and equalisation reserves recognised under previous accounting standards (i.e. Italian GAAPs), which can no longer be recognised as technical liabilities under IFRS 4;
- Reserves – including the property revaluation reserve - recognised in compliance with the Italian Civil Code or specific Italian laws before adoption of IFRSs;
- Reserves for share-based payment transactions, settled using the company's own equity instruments (IFRS 2).

It also includes any gains or losses due to material errors or to changes in accounting policies or estimates (IAS 8).

1.1.6 Currency reserve

The item includes foreign exchange differences to be allocated to equity pursuant to IAS 21, arising both from foreign currency transactions and from translation into financial statements' presentation currency.

1.1.7 Fair value reserve

This item includes the unrealised gains or losses on investments classified as "Financial assets available for sale". Reference should be made to the relevant balance sheet item for details on the nature and accounting treatment of this type of assets.
Amounts are stated net of the portion attributable to policyholders and allocated to insurance liabilities, as better described in the "Shadow Accounting" section, and of related deferred taxation.

1.1.8 Other gains or losses recognised directly in equity

This item includes the gains or losses recognised directly in equity, with specific reference to the reserve for changes in investees' equity not recognised in their income statements as profit or loss.
It also includes any revaluation reserves for property, plant and equipment and intangible assets, as well as the gains or losses relating to defined benefit plans.

1.2 Minority interest

This caption includes the equity instruments and items and related equity reserves attributable to third-party shareholders, collectively defined as Minority Interest.
Any minority interest in the "fair value reserve" is also included.

2 Provisions

In accordance with IAS 37, the Group recognises provisions or funds for risks and charges when:

- The Group has a constructive or legal obligation to third parties;
- It is likely that the Group resources will have to be used to meet the obligation;
- The amount of the obligation can be reliably estimated.

Changes in estimates are taken to profit or loss in the period in which the change occurs.

Provisions for charges to be borne made by the real estate companies include the costs of completion for apartments for which a notarial deed has already been signed, based on the principle of cost/revenue matching.

3 Technical reserves

This item comprises commitments stemming from insurance and inward reinsurance contracts gross of outward reinsurance. Commitments refer both to insurance products and to financial products with discretionary profit participation features.

- Premium reserve (Non-Life business)

The non-life premium reserve is calculated on a pro-rata temporis basis for each single contract, based on recognised premiums net of direct acquisition costs and of the fraction of premium pertaining to the period after 31 December of the financial year in question.

Where so required by the technical result, the premium reserve is also supplemented by the unexpired risk reserve, which is set up to cover risks incumbent upon the company after the balance sheet date. It is a technical provision, mandatorily required by Italian Legislative Decree of 7 September 2005 no. 209, article 37, which is made if, and to the extent that, the total amount of the presumed cost of expected claims for in-force policies is estimated to be higher than the unearned premiums reserve plus instalments outstanding net of acquisition costs, for instalment-premium policies.

- Claims reserve (Non-Life business)

The claims reserve reflects the prudent valuation of estimated indemnities and adjustment costs for claims relating to direct business that have been incurred and not yet paid, either totally or in part, as at balance sheet date. This valuation is performed considering the specific features of each line, based on all components forming the requirement for coverage of the claim's ultimate cost. "Ultimate cost" means the estimate of all foreseeable costs based on a prudent assessment of factual evidence (document examination) and forecasts (expected claims settlement time frame and related inflation rates).

Assessment of each claim is performed according to the following phases:
- preparation of inventory estimates for each open position by non-life claims settlement inspectors through session during the year;
- analysis and checking of data through sessions during the year and review of documentation concerning major claims by corporate management together with the liquidators and with the support of external trustees;
- possible integration / update of the reserve initially allocated on the basis of the principle of "reserve continuously".

Activities performed as part of claims assessment procedures are based on the following general criteria:
- Accurate and complete basic year-end inventory of all claims partly or totally not settled, highlighting claims that are the subject of disputes
- Analysis of claims featuring several positions in order to ascertain that proper evidence exists supporting each individual position;
- Separate indication of the quantification of bodily injury and property damage;
- Inclusion of estimated direct and settlement costs in the claims reserve. Settlement costs include both amounts paid to professionals taking part in claims handling and internal company costs relating to the claims handling department;
- Assessment of claims relating to credit and suretyship insurance in compliance with the criteria laid down in paragraphs n. 32-33-34 Annex n. 15 of ISVAP Regulation no. 22/2008 amended and supplemented by IVASS Regulatory order no. 53/2016.

As regards current-generation claims, case documentation is examined at least quarterly to check the claim's progress and see whether the previous assessment was correct. In addition, the "continuous reserve" operating procedure is applied, which means that, when each partial payment is made or whenever new information is gathered, the claim is reviewed.

In support of the local settlement network, a technical review structure is in place, which checks the merits and the method for the correct application of the rules issued by the Management.

The claims reserve includes the estimate for IBNR claims, i.e. claims pertaining to the year that have been incurred but not yet reported by year-end but pertaining to the year. Amounts are calculated considering the average cost of the current generation.
For all line of business they are used actuarial statistical methods popular on the market for estimating the number and the amounts of late claims. For TPL line estimate in question is conducted separately for each type of risk. The TPL claims reserves are subject to verification by the Actuarial Function pursuant to ISVAP Regulation no. 22/2008 amended and supplemented by the IVASS Order n. 53/2016. In any case, the managerial structures perform quarterly back testing relative to the amount made in the previous budget.
The claims reserves thus calculated that relate to mass risks, insofar as they refer to positions settled in the medium-long term, are subjected to statistical and actuarial checks to assess their consistency with ultimate cost and, when necessary, are topped up.
The process for determining the claims reserve of the TPL Lob (including the Third-party liability for watercraft - sea, lake, and river) is based on a complex estimation activity that includes numerous variables. The main assumptions used in the control based on statistical-actuarial methodologies concern the technical variables, including the time interval for deferring payments, the elimination of

claims without follow-up, the re-opening and the evolution of the cost of claims connected to seniority of payment as well as the prospective evaluation of the economic scenario, supplemented where necessary by the expert judgment which is also based on the analysis of the portfolio management events.

The claims reserve for Card and No Card of TPL line comply with the requirements by paragraphs no. 30 of Annex 15 ISVAP Regulation no. 22/2008, amended and supplemented by IVASS Provision no. 53/2016, paragraph 1 in the case of the company would be “managing”, and paragraph 2 in the case of the company would be “indebted”.

The total amount of claims reserve has been calculated in compliance with paragraph no. 31 of the above regulation.

For the year ended December 31, 2020, the Company, in the process of developing the actuarial statistical methodologies for determining the reserves of the TPL class, also considered the impacts deriving from the government measures aimed at containing the pandemic.

- Reserves for payable amounts (Life business)

The item comprises Company’s obligations to policyholders for settlement of claims, surrenders and, with respect to policies that have matured, for accrued principal and annuities. Consequently, the above amounts are not included in mathematical reserves.

- Mathematical reserves (Life business)

The life business technical reserves are calculated on the basis of the pure premiums and actuarial assumptions deemed to be appropriate as at the date when contracts were signed, insofar as they are still valid. Calculation of technical reserves is based on the rate of return determined on the basis of the related investments for respective “revaluable” benefits and on the mortality rate used to calculate pure premiums. In accordance with current regulations, the premiums-carried-forward component of mathematical reserves is calculated on a pure-premium basis.

The mathematical reserve is never lower than surrender value.

In compliance with the requirements of paragraph. 36 of Annex n. 14 of ISVAP regulation no. 22/2008 amended and supplemented by IVASS Regulatory order no. 53/2016 IVASS, the reserve for capital contracts relating to sums insured with a contractually guaranteed annuity conversion factor and to deferred and beneficial life annuities has been adjusted to reflect updated demographic survival assumptions.

Mathematical reserves are adjusted, when deemed necessary, to factor in the decrease in financial rates of return on assets covering such reserves.

In compliance with paragraphs n. 24-32 Annex n. 14 to ISVAP regulation no. 22/2008 amended and supplemented by IVASS Regulatory order no. 53/2016, an ALM (Asset-Liability Management) procedure has been implemented for joint analysis of the asset and liability portfolios in order to calculate the forecast returns for each segregated life account.

- Other reserves (Non-Life and Life businesses)

The item includes the following reserves:

- <u>Ageing reserve for health insurance</u> (Non-Life business) as required by Article 37 of Italian Legislative Decree no. 209 of 7 September 2005.

Calculations include all the products that, in setting premiums, do not take into account changes in the policyholder's age and contain clauses that limit the Group's ability to withdraw, as outlined in paragraphs 42-43-44 Annex n. 15 to Regulation ISVAP no. 22/2008 amended and supplemented by IVASS Regulatory order no. 53/2016.
The estimate is based on a comparison between estimated cash inflows (all premiums expected to be collected in future years on the contracts held in portfolio at December 2019) and estimated cash outflows (all losses expected to be paid for the contracts held in portfolio at December 2019). For consistency and as a comparison, the reserve was calculated on a lump-sum basis by setting aside 10% of gross written premiums, as envisaged by article 3 of paragraph 44 Annex n. 15 to Regulation ISVAP no. 22/2008 amended and supplemented by IVASS Regulatory order no. 53/2016.

- Profit participation and reversal reserve (Non-Life and Life businesses)
  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.

- Reserve for deferred liabilities to policyholders (Life business)

  This reserve shows the share of unrealised gains or losses attributable to policyholders, as described in the specific section on "Shadow Accounting".

- Reserve for management expenses (Life business)

  This reserve is calculated based on loading for management expenses and on the other technical bases of the insurance pricing applied.

- Complementary insurance premium reserve (Life business)

  The premium reserve for complementary accident insurance is calculated analytically by applying the premiums-brought-forward criterion to the related pure premiums.

- LAT (Liability Adequacy Test) reserve (Non-Life and Life business)

  This reserve includes any accruals made following the LAT, as better described in the "Liability Adequacy Test" section.

4 Financial liabilities

4.1 Financial liabilities at fair value through profit or loss

The item includes financial liabilities held for trading or designated at fair value through profit or loss. They include liabilities related to investment contracts covered by IAS 39, i.e. financial liabilities related to investment contracts where the investment risk is borne by policyholders and related to pension fund management, as well as negative positions in derivative contracts held for both trading and hedging purposes.
Gains and losses are recognised directly in profit or loss.

4.2 Other financial liabilities

This item includes the financial liabilities defined and governed by IAS 39 not included in the category "Financial liabilities at fair value through profit or loss", including deposits received from reinsurers, debt securities issued, bank borrowings and other financial liabilities other than trade payables.

Other financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Specifically, in the case of bonds convertible into the issuer's shares (compound financial instruments), the instrument's amount is split into the following two components:
- Conversion option, classified as an equity instrument;
- Debt component, classified as a financial liability among subordinated liabilities.

Initial measurement
When the bond loan is issued, the financial liability component is recognised at fair value, discounting expected future cash flows, considering any existing options, at the market rate applicable to a similar financial liability not associated with an equity component (conversion option).
The equity component is calculated as the difference between the fair value of the entire financial instrument (nominal amount of the subordinated bond loan) and the amount calculated separately for the financial liability component.

The costs incurred to issue the convertible bond loan are split proportionally between the two components and are offset against them.

Subsequent measurement

Non-conversion
The financial liability component is recognised at amortised cost using the effective interest method. The equity component is not subject to changes in its original carrying amount.

Conversion
The financial liability component is reversed and charged to equity. The initially recognised equity reserve is transferred to the share premium reserve.

Reimbursement or call-up
At the time of reimbursement or call-up, the consideration paid and costs related to the transaction are split between the financial liability component and the equity component using criteria similar to those used for the original allocation.
Any related gain or loss is treated according to the accounting standards and policies applicable to the related component, as follows:
- The amount of the gain or loss relating to the liability component is recognised in profit or loss;
- The amount of the consideration relating to the equity component is recognised in equity.

In accordance with IFRS 16, leasing liabilities corresponding to the present value of payments due for leasing contracts not paid at the balance sheet date are entered in this category. The resulting lease payments are discounted using the marginal lending rate calculated by the Company as described above.

5 Payables

This category consists of:

5.1 Payables arising from direct insurance transactions

The item includes balances not yet settled, indemnities to be paid upon termination of agency contracts, payables arising from the current accounts into which the balances of co-insurance technical results go, guarantee deposits on insurance sureties paid by policyholders and the amount payable to CONSAP (the state-owned public insurance services concessionaire) for the contribution to the guarantee fund for road accident victims.

These payables are recognised at nominal value.

5.2 Payables arising from reinsurance transactions

This item includes payables arising from current accounts into which the reinsurance technical result goes, plus reinsurers' share of amounts to be recovered.

These payables are recognised at nominal value.

5.3 Other payables

Other payables include accruals made for employee post-employment benefit obligations.
They also include trade payables, including payments on account collected by the real estate companies on signature of preliminary sales agreements, which are recognised at nominal value.

6 Other liabilities

6.1 Liabilities of a disposal group held for sale

In accordance with IFRS 5 are recorded in this item liabilities related to a disposal group held for sale.

6.2 and 6.3 Current and deferred tax liabilities

These items include current and deferred tax liabilities, as defined and governed by IAS 12.
These liabilities are recognised in accordance with current tax legislation on an accruals basis.
For deferred tax liabilities recognised in accounts, on each financial reporting date the Group checks whether any changes have occurred in relevant tax regulations, such as to lead to a different valuation.

Reference should also be made to the accounting policy concerning "Current and deferred taxation" in the Income Statement section.

6.4 Sundry liabilities

This item includes reinsurance suspense accounts, deferred commission income on investment contracts, accrued liabilities and liabilities relating to defined benefit plans and other long-term employee benefits (medical services and seniority bonuses). Reference should be made to the section on "Employee benefits" for details on the approach to measurement of these items.

Income Statement

1 REVENUES

Revenue recognition

Revenues are recognised to the extent it is probable that the group will receive economic benefits and their amount can be measured reliably. Revenue is recognised net of discounts, allowances and return sales.

Revenues from services are recognised when the services have been rendered or according to service completion status.

Revenues from construction work in progress are recognised based on progress status (percentage of completion method).

1.1 Net premiums

Premiums recognised include the amounts accruing during the year for insurance contracts, as defined by IFRS 4 (“Insurance Contracts).

Premiums, together with ancillary charges, gross of ceded premiums, are recognised as revenue upon maturity, regardless of the date of recording of documents and of actual collection.

With reference to the non-life business, cancellations of individual policies due to events of a technical nature are directly deducted from premiums as long as they were issued in the same year. With respect to the life business, the item includes all cancellations, except for those relating to first yearly instalments issued in previous years.

Recognition of premiums on an accruals basis is implemented for the non-life business via posting to the premiums reserve (see relevant accounting policy), whilst for the life business it is implicit in the calculation of mathematical reserves, complementary insurance premium reserve and other technical reserves.

Ceded and retroceded reinsurance premiums are accounted for as per contractual agreements with reinsurers.

1.2 Commission income

This item includes commission income for financial services provided not included in the calculation of a financial instrument’s effective interest.

It includes commission income relating to investment contracts not covered by IFRS 4, such as loading (explicit and implicit) and, for those contracts that provide for investment in an internal fund, management fee income and other similar items.

1.3 Net gains on financial instruments measured at fair value through profit or loss

This item includes realised gains and losses, interest, dividends, charges and increases or decreases in the fair value of financial assets and liabilities measured at fair value through profit or loss, which include assets and liabilities relating to index-linked and unit-linked investments and to pension fund management.

1.4 Income from investments in subsidiaries, associates, and joint ventures

The item comprises income coming from investments in subsidiaries, associates and joint ventures entered in the corresponding asset item. More specifically, it includes the share of profits of the Group's equity-accounted companies.

1.5 Income from other financial instruments and investment property

This item includes income from investment property and financial instruments that are not recognised at fair value through profit or loss. It mainly includes interest income on financial instruments measured using the effective interest method, and other investment income - comprising dividends and revenue from third-party use of investment property, gains made on the disposal of financial assets or liabilities or investment property, and increases arising from reversals of impairment losses, and from subsequent measurement of investment property measured at fair value and of financial assets and liabilities.

1.6 Other revenue

This item includes:

- Trading profits and revenue for completion status of construction work in progress of the real estate trading and promotion companies, recognised at the time of signature of the notarial deed and using the percentage of completion method, respectively;
- Revenues for the sale of goods and rendering of services other than those of a financial nature and for third-party use of items of property, plant and equipment, intangible assets or other Group assets, as established by IAS 18. In this respect, the real estate brokerage companies recognise commission income upon signature of the preliminary sale agreements;
- Other net technical income relating to insurance contracts;
- Realised profits on and write-backs of property, plant and equipment and intangible assets;
- Foreign exchange gains to be recognised in profit or loss under IAS 21;
- Capital gains on non-current assets or on disposal groups classified as held for sale other than discontinued operations as established by IFRS 5.

More specifically, other technical income relating to insurance contracts includes commissions relating to cancelled premiums included in other technical charges for the non-life and life businesses and income arising from management of the knock-for-knock (i.e. direct settlement) agreement and from ANIA incentives for scrapping damaged vehicles in the non-life business.

2 COSTS

2.1 Claims costs

The overall category comprises – inclusive of settlement costs and excluding recoveries and outward reinsurance – the sums paid during the year for claims, maturities, surrenders and accrued annuities, as well as the amount relating to changes in technical reserves for contracts coming within the scope of IFRS 4 application.

It also includes the portion charged to the income statement of the change in deferred liabilities to policyholders (shadow accounting) as well as any change in the LAT reserve.

Specifically, Non-Life claims costs include damage compensation paid and direct expenses, plus settlement expenses and charges for contribution to the guarantee fund for road accident victims.

Direct expenses are those incurred to avoid or minimise claim damage, including litigation costs as per Article 1917, paragraph 3, of the Italian Civil Code, rescue costs in transport and aviation insurance, and fire-fighting costs in Fire and Natural events line of business.

Adjustment expenses include amounts paid to professionals involved, plus personnel expenses, logistics costs, and costs for services and goods of the company departments involved in claims settlement and handling.

The reinsurers' share is calculated in accordance with the provisions of treaties currently in force.

2.2 Commission expense

This item includes commission expense on financial services received not included in the calculation of a financial instrument's effective interest. Specifically, it includes commission expense relating to investment contracts not coming within the scope of IFRS 4 application.

2.3 Losses on investments in subsidiaries, associates, and joint ventures

The item includes losses on investments in subsidiaries, associates and joint ventures recognised in the corresponding asset item. Specifically, it includes the share of loss for the year of the Group's equity-accounted companies.

2.4 Losses on other financial instruments and investment property

This item includes losses and charges on investment property and financial instruments that are not recognised at fair value through profit or loss. It mainly comprises interest expense on financial instruments measured using the effective interest method and interest expense deriving from the application of accounting standard IFRS 16; other losses on investments and expenses on investment property, such as condominium expenses and maintenance and repair costs that have to be expensed. It also includes capital losses on disposal of financial assets or liabilities or investment property, depreciation charges, impairment losses and losses on the subsequent measurement of investment property measured at fair value and financial assets and liabilities.

2.5 Operating costs

This category comprises:

- Commissions and other acquisition costs, including acquisition costs, net of outward reinsurance, relating to insurance contracts.

  In particular, the item includes:

  - Commissions paid on acquisition and renewal, including tacit renewal, of contracts;

- Extra commissions and commission bonuses;
- Personnel expenses, logistics costs, costs for services and purchase of goods of the management departments involved in the assessment, issue and management of insurance contracts;
- Medical check-up costs;
- Amortisation charge, for the year, of acquisition commissions and other acquisition costs;
- Commissions paid on the collection of premiums related to long-term contracts.

Profit participation and other contractual commissions paid to reinsurers for premiums ceded and retroceded are accounted for on the basis of the relevant contractual agreements.

- Investment management costs, including G&A costs and personnel expenses allocated to management of financial instruments, investment property and equity investments. They also comprise custody and administration costs.
- Other administrative costs, including G&A costs and personnel expenses that are not allocated to claims costs, insurance contract acquisition costs or investment management costs. Specifically, the item includes G&A costs and personnel expenses incurred for the acquisition and administration of investment contracts as well as G&A costs and personnel expenses relating to non-insurance companies performing financial activities. It also includes charges incurred in connection with the termination of agency agreements for the part not subject to compensation.

  Commissions paid by real estate trading and promotion companies to brokers and agents when the preliminary sales agreements are signed are accounted for as prepayments and recognised in profit or loss when the notarial deeds are signed or according to contracts' completion status, in accordance with the cost/revenue matching principle.

2.6 Other costs

This category includes:

- Costs for the sale of goods and rendering of services other than of a financial nature and the third-party use of items of property, plant and equipment, intangible assets or other group assets, as required by IAS 18;
- Other net technical costs relating to insurance contracts;
- Additional provisions made during the year;
- Foreign exchange losses to be recognised in profit or loss as per IAS 21;
- Realised losses, impairment losses, depreciation charges relating to items of property, plant and equipment not allocated to other account items and amortisation of intangible assets;
- Losses on non-current assets or disposal groups classified as held for sale other than discontinued operations.

More specifically, other technical costs relating to insurance contracts comprise:

- Premiums cancelled, due to events of a technical nature, relating to single policies issued in previous years (non-life business);
- Cancellation of first yearly premium instalments issued in previous years (life business);
- Uncollectable premiums in amounts receivable from policyholders (non-life and life business);
- Costs relating to goods and services purchased to complement non-life insurance covers;
- Costs arising from the management of the knock for knock (i.e. direct settlement) agreement.

3 Income taxes

Income taxes include all taxes calculated on the basis of the estimated taxable income of each financial year and stated on an accruals basis in compliance with current relations.

Income taxes are recognized in the income statement, with the exception of those relating to items directly debited or credited to equity, in which cases the tax effect is recognized directly in equity.

Deferred tax assets and liabilities are calculated applying the tax rates expected to be applicable - based on the tax rates and tax regulations in force as balance sheet date - in the financial years when the temporary differences will be realised or reversed.

Current and deferred tax assets and liabilities are offset when the income taxes are applied by the same tax authority and when there is a legal right to offset.

Deferred taxes are calculated - except in the cases expressly envisaged by paragraphs 15 and 24 of IAS 12 - on all temporary differences that arise between the taxable base of an asset or liability and its carrying value in consolidated accounts, to the extent that it is probable that in future sufficient taxable income will be achieved against which to use them.

The taxes recognized in the income statement include the effect, positive or negative, of the change in tax rates on deferred taxes.

Deferred tax assets on unused tax losses and tax credits that can be carried forward are recognized to the extent that it is probable that future taxable income will be available against which they can be recovered.

4 Gain/(Loss) on discontinued operations

In accordance with IFRS 5 are recorded in this account the costs and revenues net of tax, related to discontinued operations.

Additional information

Inward insurance

The effects of inward life reinsurance are recorded on an accruals basis.

If there are no specific negative indications, the effects of non-life inward reinsurance are accounted for one year later than the year to which they refer, as the necessary information is not available at balance sheet date. Related financial and balance sheet movements are recorded in the balance sheet under Other assets – Other liabilities in the reinsurance suspense accounts.

Treaties concerning aircraft hulls represent an exception to the above accounting treatment as the space risk business is accounted for on a strict accruals basis.

Indirect business claims reserves generally reflect those reported by the ceding insurer and the Company supplements them when they are deemed inadequate with respect to the commitments underwritten.

Retrocession

Retroceded business mainly relates to treaties concerning aircraft hulls (i.e. property).
Items relating retrocession are measured according to the same policies as those applied to inward reinsurance.

Shadow accounting

Paragraph 30 of IFRS 4 allows modification of accounting policies in such a way that an unrealised capital gain or loss on an asset affects measurement of insurance liabilities, related deferred acquisition costs, and of related intangible assets in the same way that a realised capital gain or loss does.
The related adjustment of insurance liabilities (or deferred acquisition costs or intangible assets) is recognised in equity if, and only if, the unrealised gains or losses are recognised directly in equity.
Similarly, unrealised capital gains or losses on assets, recognised in profit or loss (including impairment losses), lead to a corresponding adjustment through profit or loss of the insurance liability or of other insurance balance sheet items recognised in profit or loss.

The procedure envisages the following steps:

1) Net unrecognised gains as at balance sheet date on the assets measured at fair value are calculated for separately managed businesses;
2) Actual retrocession rates due to policyholders are calculated by splitting the entire portfolio into groups of like policies;
3) The amount of unrecognised net gain pertaining to policyholders is calculated by applying the retrocession rates indicated in point 2) to the unrecognised net gains measured in point 1);
4) If the assets allocated to separately managed businesses partly belong to the “fair value through profit or loss” category and partly to the “available for sale” category, the offsetting amount of the increase/decrease in insurance liabilities is split equally between the costs charged to profit or loss and equity reserves.

Furthermore, for the purposes of preparation of consolidated financial statements, the effect of the allocation to separately managed businesses of the investments in the subsidiaries Vittoria Immobiliare SpA and Immobiliare Bilancia Srl has been assessed.

Since dividends paid by such subsidiaries to Vittoria Assicurazioni SpA (or any capital gains recognised in the eventuality of sale of the equity investments) are retroceded to life policyholders in accordance with the relevant insurance contracts, an amount equal to the portion attributable to life policyholders of the subsidiaries' profits recorded in the consolidated financial statements, net of profits already paid to policyholders in the form of dividends, is added to Vittoria Assicurazioni's reserves calculated on an actuarial basis.

This accrual is not necessary in individual statutory financial statements because financial income relating to dividends arises at the same time as related costs, in terms of benefits accorded to policyholders.

Liability Adequacy Test (LAT)

As required by IFRS 4, the Group tests its insurance liabilities for adequacy using current estimates of future cash flows deriving from its insurance contracts. If this assessment shows that the carrying value of its insurance liabilities is inadequate, the entire deficit is recognised in the income statement.

If balance sheet liabilities have already undergone liability adequacy testing that meets local GAAPs consistent with IFRSs, IFRS 4 does not require any further checks. If they have not, current estimates of future cash flows must be calculated as envisaged by IAS 37.

Life business

Liability adequacy was tested by comparing technical reserves, less deferred acquisition costs, with the present value of the future cash flows obtained by projecting the expected cash flows generated by the portfolio in force as at assessment date and taking into account assumptions on mortality, surrenders, and expense trends.

Non-life business

Under Italian GAAPs, the claims reserve is measured at ultimate cost. This approach, which forbids the discounting process, means that provisioning is intrinsically higher than the current estimate of expected cash flows.

Based on Italian GAAPs, the premiums reserve is supplemented by the reserve for unexpired risks, if any. This treatment is compliant with paragraph 16 of IFRS 4.

Employee benefits

Actuarial valuation of termination benefits, seniority bonuses and healthcare benefits

Valuation was performed in accordance with IAS 19. Employee benefits and healthcare benefits can be assimilated with “post-employment benefits” of the “defined benefit plan” type, whilst the seniority bonuses can be assimilated with “other long-term benefits” once again of the “defined benefit plan” type.

For these benefits an assessment is made of the amounts that the company has undertaken to pay when certain events occur relating to the employee’s working life and also, in special cases provided for by national collective labour contracts, his or her retirement period. These amounts are discounted using the projected unit credit method to calculate the interval of time that will elapse before actual payment takes place.

As far as post-employment benefits are concerned (currently known as “employee severance indemnities” in Italy), the calculation considers the amount already accruing as at the valuation date and takes future forecast provisions into account. Conversely, in the case of seniority bonuses and healthcare benefits only the future forecast provisions are included in the calculation.

Actuarial valuation of the provision for post-employment benefits, seniority bonuses and healthcare benefits during retirement was performed using the projected unit credit method - also known as the accrued benefit method pro-rated on service. This method requires “the entity to attribute the benefit to the current period (in order to determine current service cost) and to the current and prior periods (in order to determine the present value of defined benefit obligations). The entity attributes the benefit to the periods when the obligation to provide post-employment benefits arises”.
Actuarial valuation was based on assumptions concerning length of service (i.e. exit from the Group) and also economic and financial assumptions. The latter relate to the theoretical lines of remuneration by contractual grade, the interest rate used to discount future employee service costs and the inflation rate based on which provision for post-employment benefits is revalued.

Where possible, the assumptions are based on Vittoria Assicurazioni’s historical series, supplemented by and projected on the basis of market experience and relevant best practice.

The valuation component arising from actuarial results is charged to “Other comprehensive income”.

Accrued, deferred, and prepaid items

Accrued income and liabilities recognise revenues and costs pertaining to periods after 31 December of the year being reported and are included in the specific balance sheet item to which they refer.

Prepayments and deferred income reallocate costs and income occurring before 31 December to the financial year to which they pertain. They are respectively posted among Other assets and Other liabilities.

Financial expense

Financial expenses directly attributable to the acquisition, construction or production of an asset that qualifies for capitalisation are capitalised as part of the cost of the asset in question when it is probable that they will generate future economic benefits and if they can be reliably measured.
All other financial expenses are expensed when they are incurred.

Conversion into euro

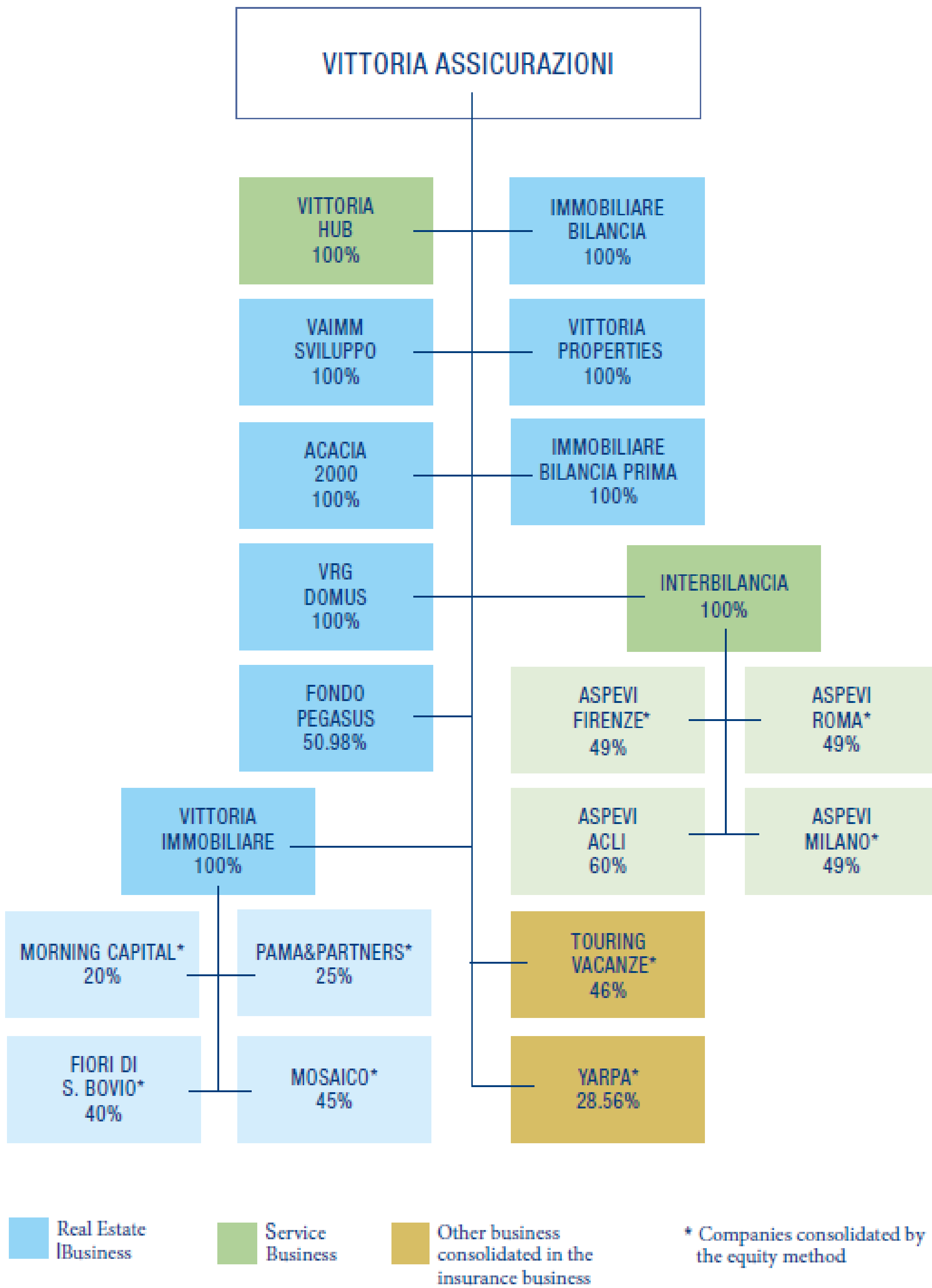
Items expressed in foreign currencies are converted into euro at spot rates. Balance sheet items still existing at year-end are converted at the exchange rate of the last working day of the financial year.

Notes of a general nature to the consolidated financial statements

The notes to the consolidated interim financial statements comprise:

- tables and notes of a general nature listed below in alphabetic order;
- tables and notes of a specific nature on the individual balance sheet, income statement, equity and cash flow statement captions, listed below in numerical order.

Consolidation scope



The table below lists the companies included in the consolidated financial statements with the full consolidation method under IFRS 10.

A) Consolidated investments

Name	Registered offices	Share Capital Euro	% Ownership Direct	Indirect	Via
Vittoria Assicurazioni S.p.A.	Milan	67,378,924			
Vittoria Immobiliare S.p.A.	Milan	34,500,000	100.00		
Immobiliare Bilancia S.r.l.	Milan	6,650,000	100.00		
Immobiliare Bilancia Prima S.p.A.	Milan	100,000	100.00		
Vittoria Properties S.r.l.	Milan	8,000,000	100.00		
Interbilancia S.r.l.	Milan	80,000	100.00		
Vaimm Sviluppo S.r.l.	Milan	3,000,000	100.00		
Vittoria Hub S.r.l.	Milan	10,000	100.00		
Acacia 2000 S.r.l.	Milan	369,718	100.00	0.00	
V.R.G. Domus S.r.l	Milan	800,000	100.00	0.00	
Pegasus Fund	Milan	63,498,965	50.98	0.00	
Aspevi ACLI S.r.l.	Rome	500,000		60.00	Interbilancia S.r.l.

Main changes in ownership percentages and other changes during the year

Aspevi Firenze S.r.l.
On 16 November 2021 the company Interbilancia S.r.l. sold part of its shareholding for a total nominal amount of 11 thousand euro, equal to 11% of the company's share capital. The shareholding went from 60% to 49% in Interbilancia and is reclassified as an associated shareholding.

Assiorvieto Servizi S.r.l.
On 29 November 2021, Interbilancia S.r.l. sold its entire shareholding.

Aspevi ACLI S.r.l.
On 24 November 2021, the company ASPEVI ACLI S.r.l. was incorporated, with registered office in Rome, for which Interbilancia S.r.l. subscribed to 60% of the share capital.

Immobiliare Bilancia Prima S.p.A.
On 21 December 2021, the partial demerger was completed, through which the Vittoria Assicurazioni Group acquired control of the company. Through this transaction, the equity investment in Vittoria Assicurazioni went from 49% to 100% and is reclassified as a subsidiary.

With reference to the internal insurance funds "Unit Linked", Vittoria Assicurazioni does not control these funds inasmuch the conditions for control under IFRS 10 are not met.
In particular, it is not considered to be exposed significantly to variable returns of the entity making the investment, because the gains and losses related to the valuation of the assets included in the unit-linked funds are fully credited to policyholders through the change of the mathematical reserve.

The information required by IFRS 12, about companies with significant minority investments are reported in the "Consolidated Financial Statements Annexes".

The table below lists the companies included in the consolidated financial statements accounted for using the equity method in accordance with IAS 28.

B) Consolidated investments valued with the net equity method

Name	Registered offices	Share Capital Euro	% Ownership Direct	Indirect	Via
Yarpa S.p.A.	Genoa	30,000,000	28.56		
Touring Vacanze S.r.l.	Milan	12,900,000	46.00		
Aspevi Milano S.r.l.	Milan	100,000		49.00	Interbilancia S.r.l.
Aspevi Roma S.r.l.	Rome	50,000		49.00	Interbilancia S.r.l.
Aspevi Firenze S.r.l.	Florence	100,000		49.00	Interbilancia S.r.l.
Mosaico S.p.A.	Turin	500,000		45.00	Vittoria Immobiliare S.p.A.
Pama & Partners S.r.l.	Genoa	1,200,000		25.00	Vittoria Immobiliare S.p.A.
Fiori di S. Bovio S.r.l.	Milan	30,000		40.00	Vittoria Immobiliare S.p.A.
Morning Capital S.r.l.	Milan	104,000		20.00	Vittoria Immobiliare S.p.A.

Main changes in ownership percentages and other changes during the year

Aspevi Firenze S.r.l.
Please refer to the previous paragraph for the transaction that took place during 2021.

C) Geographical segment reporting (secondary segment)

As regards primary segment reporting, the relevant balance sheet and income statement tables by business segment – compliant with the formats established by the IVASS ordinance already mentioned earlier – are shown in the specific section “Annexes to Consolidated financial statements”.

The following tables show the geographical split of total balance sheet assets, deferred costs, and of the main items of revenue.

Segment reporting by geographical area

(€/000)

Assets	Italy		Europe		Rest of the World		Total	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Debt instruments	663,298	858,936	1,931,188	1,634,641	84,012	101,625	2,678,498	2,595,202
Equity instruments and OEIC units	145,080	92,785	857,611	742,924	-	-	1,002,691	835,710
Property	686,555	663,401	-	-	-	-	686,555	663,401
Other assets	1,048,411	950,641	-	-	-	-	1,048,411	950,641
Total	**2,543,344**	**2,565,764**	**2,788,799**	**2,377,565**	**84,012**	**101,625**	**5,416,155**	**5,044,954**

(€/000)

Deferred costs	Italy North		Italy Centre		Italy South and Islands		Total external deferred costs	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Other property, plant and equipment	8,409	7,094	-	-	-	-	8,409	7,094
Other intangible assets	13,427	3,226	-	-	-	-	13,427	3,226
Owner-occupied property	84,970	87,767	4,865	6,563	-	-	89,835	94,330
Total	**106,806**	**98,087**	**4,865**	**6,563**	**-**	**-**	**111,671**	**104,650**

(€/000)

Revenue (gross of intersegment eliminations)	Italy North		Italy Centre		Italy South and Islands		Europe		Total	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Insurance premiums - direct business	803,530	725,680	457,145	449,505	255,665	240,091	178	127	1,516,518	1,415,403
Trading and construction profits	54	3,241	-	246	-	-	-	-	54	3,487
Services and rent income	19,536	4,730	156	93	-	-	-	-	19,692	4,823
Rentals on Investments properties	3,792	5,986	179	130	-	-	-	-	3,971	6,116
Total	**826,912**	**739,637**	**457,480**	**449,974**	**255,665**	**240,091**	**178**	**127**	**1,540,235**	**1,429,829**

Specific explanatory notes

Consolidated Balance Sheet

Note 2	31/12/2021	31/12/2020	Change
Other intangible assets	13,427	3,226	10,201
Other items of property, plant and equipment	8,409	7,094	1,315
Property	371,353	315,988	55,365

Other intangible assets

The following table shows the breakdown of this item and changes occurred in the year.

(€/000)

	Software	Software under development	Other intangible assets	TOTAL OTHER INTANGIBLE ASSETS
Gross carrying amount at 31/12/2020	106,955	1,411	8,288	**116,654**
Acquisitions	9,121	2,323	15	11,459
Disposals	-	-	(93)	(93)
Leased assets IFRS 16	(4)	-	-	(4)
Gross carrying amount at 31/12/2021	116,072	3,734	8,210	**128,016**
Accumulated Amortization at 31/12/2020	105,140	-	8,288	**113,428**
Amortization	1,233	-	15	1,248
Decrease due to disposals	-	- -	93	(93)
Leased assets IFRS 16	6	-	-	6
Accumulated Amortization at 31/12/2021	106,379	-	8,210	**114,589**
Net value as at 31/12/2020	**1,815**	**1,411**	**-**	**3,226**
Net value as at 31/12/2021	**9,693**	**3,734**	**-**	**13,427**

The assets recognised in Group accounts have a finite useful life and depreciation & amortisation is applied on a straight-line basis during estimated useful life.

Specifically, the estimated useful life of each type intangible assets can be summarised as follows:

- Software: between 5 to 10 years;
- Other intangible assets: between 2 to 5 years;

Amortisation of intangible assets is recognised in the income statement under ''Other costs''.

Other items of property, plant, and equipment

The following table shows the breakdown of this item and changes occurred in the year.

(€/000)

	Renovations	Furniture, fittings, plant and equipment	Ordinary and electronic office machines	Cars	TOTAL OTHER ITEMS OF PROPERTY, PLANT AND EQUIPMENT
Gross carrying amount at 31/12/2020	4,699	22,915	9,090	1,821	**38,525**
Acquisitions	-	848	2,754	200	3,802
Disposals	-	(17)	-	(181)	(198)
Leased assets IFRS 16	-	-	148	17	165
Gross carrying amount at 31/12/2021	4,699	23,746	11,992	1,857	**42,294**
Accumulated Depreciation at 31/12/2020	4,699	18,135	7,640	957	**31,431**
Depreciation	-	1,366	699	82	2,147
Decrease due to disposals	-	(5)	(34)	(117)	(156)
Leased assets IFRS 16	-	-	184	279	463
Accumulated Depreciation at 31/12/2021	4,699	19,496	8,489	1,201	**33,885**
Net value as at 31/12/2020	**-**	**4,780**	**1,450**	**864**	**7,094**
Net value as at 31/12/2021	**-**	**4,250**	**3,503**	**656**	**8,409**

The estimated useful life of each type of property, plant and equipment can be summarised as follows:

- Furniture, fittings, plant and equipment: between 5 to 10 years;
- Ordinary and electronic office machines: between 3 to 5 years;
- Cars: between 4 to 5 years.

Property

The following table shows the breakdown of this item:

(€/000)

	31/12/2021	31/12/2020	Change
Owner-occupied property*	89,835	94,330	(4,495)
Property held for trading	271,715	221,658	50,057
Property under construction	9,803	-	9,803
Total	**371,353**	**315,988**	**55,365**

* of which 13,404 thousand euro leased assets IFRS 16

- Owner-occupied property (by nature)

The book value of real estate assets at 31 December 2021 refers for 1,110 thousand euro to property of the subsidiary Vittoria Properties S.r.l., for 408 thousand euro to property of Vittoria Immobiliare S.p.A. and for 74,914 thousand euro to Vittoria Assicurazioni properties, of which 68,769 thousand euro are made up of the registered office. The following table shows the movement that took place during the year:

(€/000)

Owner-occupied property	31/12/2020	Acquisitions	Leased property IFRS 16	Sales	Other Movements	Amortization	31/12/2021
Gross carrying amount	131,934	-	(942)	1,265	(6)	(1,567)	130,684
Accumulated depreciation	37,604	-	1,702	1,543	-	-	40,849
Carrying amount	**94,330**	-	**(2,644)**	**(278)**	**(6)**	**(1,567)**	**89,835**

Depreciation is applied on a straight-line basis during property's estimated useful life of between 30 and 50 years.
All of this property has been appraised by independent experts except those purchased recently or in an irrelevant amount. The owner-occupied property fair value, allocated to level 3 of the fair value hierarchy, as at 31 December 2021 is equal to 136,555 thousand euro and it has been determined using the comparative method and the income method of direct capitalization; no significant issues emerged from these analysis.

- Property held for trading and property under construction

The following table shows the reconciliation of changes occurring during 2021:

(€/000)

Property	Trading activities	Construction work	Total
Carrying amount as at 31/12/2020	**221,658**	**-**	**221,658**
Acquisitions, net of capitalised financial charges	58,874	9,803	68,677
Sales	(8,244)	-	(8,244)
Recognised gains (losses) - write off included	(573)	-	(573)
Carrying amount as at 31/12/2021	**271,715**	**9,803**	**281,518**

Please refer to the Report on Operations for details on the principal real estate activities carried out during the year. During the year, sales continued for the properties belonging to the residential complex "Parco Vittoria Residenze" located in the Portello area in Milan.
As at 31 December 2021, the current value allocated to level 3 of the fair value hierarchy, is equal to 287,141 thousand euro and it has been determined using the comparative method, the income method of direct capitalization and the income methods of transformation and discounted cash flow.

In particular, the discount rate is the weighted average cost of capital (c.d. WACC), which takes account of a leverage ratio of 60%, prospective inflation assumptions and the return on government bonds. For this category of real estate, in order to assess any discrepancies between the value recognized in the balance sheet, it has been performed a sensitivity analysis concerning the change in the discount rate and the range of expected cash valued by the independent expert; from these analysis no significant issues has been reported.

Note 3	31/12/2021	31/12/2020	Change
Reinsurers' share of technical reserves	69,817	67,214	2,603

The following table shows – separately for the Non-Life and Life insurance business – reinsurers' share of technical reserves:

(€/000)

	Direct business		Ceded business		Total carrying amount	
	31/12/2021	31/12/2020	**31/12/2021**	31/12/2020	**31/12/2021**	31/12/2020
Non-life reserves	**65,363**	**63,352**	**328**	**303**	**65,691**	**63,655**
Premium reserve	13,137	12,151	-	-	13,137	12,151
Claims reserve	52,226	51,201	328	303	52,554	51,504
Life reserves	**4,126**	**3,559**	**-**	**-**	**4,126**	**3,559**
Reserve for payable amounts	13	13	-	-	13	13
Mathematical reserves	4,058	3,497	-	-	4,058	3,497
Other reserves	55	49	-	-	55	49
Total reinsurers' share of technical reserves	**69,489**	**66,911**	**328**	**303**	**69,817**	**67,214**

Note 4	31/12/2021	31/12/2020	Change
Investments properties	315,202	347,413	-32,211

The item includes property which comes within the scope of IAS 40, i.e. which is held to earn rentals. This item mainly includes property held by Vittoria Assicurazioni and leased, Palazzo V in San Donato Milanese leased to the ENI S.p.A. group, held through the Pegasus Fund, and various properties held by Vittoria Immobiliare, V.R.G. Domus and Vittoria Properties.

Real estate investments current value as at 31 December 2021, allocated to level 3 of the fair value hierarchy, is equal to 353,336 thousand euro and it is determined using the methods of direct income capitalization.

Note 5	31/12/2021	31/12/2020	Change
Investments in subsidiaries and associates and interests in joint-ventures	20,926	37,941	-17,015

The breakdown of this item was as follows:

(€/000)

Investments in associates	31/12/2021	31/12/2020
Morning Capital S.r.l.	102	142
Yarpa. S.p.A.	12,050	11,946
Mosaico S.p.A.	199	199
Pama & Partners S.r.l.	528	528
Aspevi Roma S.r.l.	696	653
Aspevi Milano S.r.l.	106	106
Aspevi Firenze S.r.l.	21	-
Touring Vacanze S.r.l.	7,224	7,112
Immobiliare Bilancia Prima S.p.A.	-	17,255
Total carrying amount	**20,926**	**37,941**

The change of 17,015 thousand euro compared with the previous year mainly relates to the reclassification of Immobiliare Bilancia Prima S.p.A. from an associated to a subsidiary company, as well as the Group's share of the change in the equity of associated companies accounted for using the equity method, as shown in the following table:

(€/000)

Carrying amount as at 31/12/2020	**37,941**
Reclassifications from investments in subsidiaries to investments in associates	**-17,255**
Immobiliare Bilancia Prima S.p.A.	-17,255
Change due to equity method measurement	**486**
Yarpa. S.p.A.	310
Aspevi Roma S.r.l.	43
Aspevi Firenze S.r.l.	21
Touring Vacanze S.r.l.	112
Elimination of dividends	**-246**
Impairment	**0**
Carrying amount as at 31/12/2021	**20,926**

The following table shows the latest financial and economic data available of the major associated companies:

(€/000)

Denomination	Total asset	Cash and chash equvalents	Total equity and liabilities	Equity	Profit (loss) for the year	Dividends paid out	Costs	Revenues
	Main financial-economic data							
Yarpa Group S.p.A.	43,601	9,477	977	52,101	1,118	900	1,609	3,015
Touring Vacanze S.r.l.	16,895	-	1,192	15,703	221	-	414	635

Note 6

	31/12/2021	31/12/2020	Change
Held to maturity investments	0	11,565	-11,565
Loans and receivables	227,220	272,226	-45,006
Financial assets available for sale	3,681,186	3,419,339	261,847
Financial assets at fair value through profit or loss	199,271	114,622	84,649

To complete the information disclosed below, reference should be made to the information already given in great detail in the Directors' Report in the sections "Investments – Cash & cash equivalents – Property" and "Risk Report".
The table detailing the breakdown of financial assets is shown in the specific section "Annexes to Consolidated interim financial statements".

Investments held to maturity – Financial assets available for sale – Financial assets at fair value through profit or loss

The following table shows changes in financial assets – for which risk is borne by Group companies – referring to shares and quotas, bonds and other fixed-income securities, units in UCITS (Undertakings for Collective Investment in Italian Transferable Securities) and units in AIF (Alternative Investment Funds).
In addition, changes in assets for which risk is borne by policyholder and those relating to pension-fund management are shown separately.

(€/000)

	Held to maturity investments	**Financial assets available for sale**				**Financial assets at fair value through profit or loss**	**Financial assets held for trading**	**Total**
		Equity investments	UCITS AIF units	Bonds and other fixed-interest securities	Total	Assets where the risk is borne by policyholders and related to pension funds	Bonds and other fixed-interest securities	
Carrying amount at 31/12/2020	**11,565**	**92,236**	**743,474**	**2,583,629**	**3,419,339**	**114,614**	**8**	**3,545,526**
Acquisitions and subscriptions		28,458	141,390	1,175,358	1,345,206	80,120		1,425,326
Sales and repayments	-11,409	-20	-46,265	-989,909	-1,036,194	-13,645		-1,061,248
Other changes:								
- effective interest adjustments	20			-16,998	-16,998			-16,978
- fair value adjustments		6,254	36,250	-53,066	-10,562	3,302	624	-6,636
- charged to P&L			358	-13,457	-13,099			-13,099
- rate changes	-176			-7,062	-7,062			-7,238
- other changes		556			556	14,248		14,804
Carrying amount at 31/12/2021	**-**	**127,484**	**875,207**	**2,678,495**	**3,681,186**	**198,639**	**632**	**3,880,457**

Loans and receivables

At 31 December 2021, loans and receivables amounted to 227,220 thousand euro (272,226 thousand euro at 31 December 2020.

The item is principally comprised of the following:

- loans granted by Vittoria Immobiliare S.p.A. to the indirect associates Mosaico S.p.A., Fiori di San Bovio S.r.l., Pama & Partners S.r.l. and Valsalaria A11 S.r.l. for a total of 7,349 thousand euro;
- loans granted by Vittoria Assicurazioni to third parties and secured by mortgages for a total of 11,404 thousand euro;
- 226 thousand euro in loans against life insurance policies;
- loans and receivables from agents, the latter comprising recoveries of compensation paid to terminated agents, and loans granted to employees for a total of 35,499 thousand euro;
- 920 thousand euro in loans granted to the associated company Aspevi Milano S.p.A.;
- the corresponding entry for Vittoria Assicurazioni's commitments for payments to finance investments in private equity, private debt and infrastructure funds amounted to 150,023 thousand euro (184,643 thousand euro at 31 December 2020). The related commitments are recorded under "Other financial liabilities" in note 18;
- term deposit for 16,900 thousand euro at the BCC Bank of Carate Brianza in favor of the subsidiaries of the real estate sector.

The amount of 99,304 thousand euro is collectible after 12 months.

Disclosure concerning fair value

The following table indicates the fair value of investments discussed in the present note.

(€/000)

Financial assets	Carrying amount	Fair Value
Held to maturity investments	0	0
Loans and receivables	227,220	227,220
Financial assets available for sale	3,681,186	3,681,186
Financial assets held for trading	632	632
Financial assets at fair value through profit or loss	198,639	198,639
Total	**4,107,677**	**4,107,677**

For further information concerning to the "fair value hierarchy", please refer to the "Annexes to Consolidated financial statements". Investments allocated to "level 2" were assessed based on the latest transactions which are observed in the secondary market.
Investments allocated to "level 3", mainly referred to investments in Yam Invest N.V. (fair value at 31 December 2021 of 78,190 thousand euro) were also assessed using technical expertise edited by external leading appraisal firms. The main evaluation methods applied are:
- 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;
- the method Sum of Parts ("SOP"), based essentially on the principle of the expression at fair value of activity that make up the capital of the company and deducting related liabilities and holding costs.
The main assumptions used in the methodologies are related to the holding costs, the liquidity discounting rates, discounting rates and stock exchange multiples. Sensitivity analysis of some input (rate of liquidity discount) has also been carried out; from these analysis no significant issues has been reported.
For loans and receivables, the carrying amount is a reasonable approximation of fair value.

Note 7	31/12/2021	31/12/2020	Change
Receivables relating to direct insurance	223,735	203,643	20,092

The breakdown of this item was as follows:

(€/000)

Receivables relating to direct insurance	31/12/2021	31/12/2020
Premiums due from policyholders	76,050	69,015
Receivables due from brokers and agents	109,788	98,591
Receivables due from insurance companies - current accounts	7,860	9,488
Amounts to be recovered from policyholders and third parties	30,037	26,549
Total	**223,735**	**203,643**

These receivables are stated net of related bad-debt provisions. Specifically, provision relating to receivables for premiums due from policyholders takes into account historical trends of cancellation of written premiums but not collected.

Note 8	31/12/2021	31/12/2020	Change
Receivables relating to reinsurance business	5,217	7,908	-2,691

The item relates to receivables due from insurers and reinsurers. It includes receivables arising from the current accounts showing the technical result of reinsurance treaties.

Note 9	31/12/2021	31/12/2020	Change
Other receivables	84,690	80,256	4,434

The most significant sub-item as up to 31 December 2021 consisted of receivables for advance taxes for non-life policyholders for an amount of 72,562 thousand euro and other receivables mainly from clients and third parties paid by the real estate companies for 5,281 thousand euro.

Note 10	31/12/2021	31/12/2020	Change
Deferred acquisition costs	8,389	7,049	1,340

This item includes acquisition costs paid in advance upon signature of long-term insurance contracts of Life business.

Note 11	31/12/2021	31/12/2020	Change
Deferred tax assets	99,661	106,618	-6,957

The item included deferred tax assets pertaining to Vittoria Assicurazioni for 86,461 thousand euro, to the real estate segment and to the service segment for 10,797 thousand euro, plus those relating to consolidation adjustments for 2,403 thousand euro.

The following table reports the breakdown of the item:

(€/000)

Deferred tax assets	**31/12/2021**
Provision for bad debts	14,788
Change in Non-life technical reserves	31,132
Change in Life technical reserves	95
Provisions charges	15,679
Shadow Accounting	16,925
Tangible assets depreciation	1,447
Tax benefit appropriation of property revaluation	5,139
Tax benefits on Group's losses	1,915
Income tax on real estate	178
Prepaid commissions	281
Remunerations of Directors	372
Write-off on real estate	7,802
Employee benefits	1,412
Goodwill	348
Other	2,148
Total	**99,661**

Note 12	31/12/2021	31/12/2020	Change
Current tax assets	28,220	15,923	12,297

The item mainly includes tax receivables of Vittoria Assicurazioni of 27,982 thousand euro (including tax credits relating to taxes prepaid on the Life business mathematical reserves).

Note 13	31/12/2021	31/12/2020	Change
Other assets	42,095	17,028	25,067

The item mainly includes deferred commission expense related to investment contracts for 4,421 thousand euro, prepaid expenses referring mainly to general expenses for 6,795 thousand euro and other various assets referring mainly to unavailable sums on current accounts following foreclosures exercised by third parties for pending cases amounting to 7,209 thousand euro and sums relating to the margins provided as security on the basis of forward sales contracts for government securities entered into with certain counterparties under the International Swaps and Derivatives Association Agreement, amounting to 1,450 thousand euro.

Note 14	31/12/2021	31/12/2020	Change
Cash and cash equivalents	17,337	9,901	7,436

This item relates to bank deposits of 17,332 thousand euro and cash balances of 5 thousand euro.

Note 15	31/12/2021	31/12/2020	Change
Equity attributable to shareholders of the parent	842,671	765,743	76,928
Equity attributable to minority interests	46,651	46,687	-36

The initial note on the Reverse Merger reports the impact on the change in consolidated shareholders' equity. The other changes are shown in the "Statement of changes in equity".

The following table details the breakdown of equity:

(€/000)

BREAKDOWN OF EQUITY	31/12/2021	31/12/2020	Change
Total equity attributable to the shareholders of the parent	**842,671**	**765,743**	**10.0%**
Share capital	67,379	67,379	0.0%
Equity-related reserves	13,938	13,938	0.0%
Income-related and other reserves	583,197	502,591	16.0%
Fair value reserve	76,831	71,029	8.2%
Other gains or losses recognised directly in equity	13	-77	n.v
Group profit for the year	101,313	110,883	-8.6%
Total equity attributable to minority interests	**46,651**	**46,687**	**n.v**
Share capital and reserves attributable to minority interests	44,854	49,966	-10.2%
Minority interests' profit for the year	1,797	-3,279	n.v
Total consolidated equity	**889,322**	**812,430**	**9.5%**

At 31 December 2021 the Company's share capital consists of 64,717,464 ordinary shares with no expressed par value.

The Group does not hold either directly or indirectly any shares of its parent companies.

Dividends paid out by the Company, shown in the column "Transfers" in the statement of changes in equity, totalled 12,943,493 Euro for FY 2020 and to 30,417,208 Euro for FY 2021.

Other gains or losses recognised directly in equity refer to actuarial results on Employee Benefits that will not be reclassified subsequently to profit or (loss).

Fair value reserve could be reclassified subsequently to profit or loss.

With regard to the effects on shareholders' equity deriving from the reverse merger, please refer to the specific chapter reported in the Management Report.

More specifically, changes in the “Fair value reserve” (i.e. gains or losses on available-for-sale financial assets”) are detailed in the following table:

			(€/000)
A) Net unrealised gains	Gross amount	Tax impact	Net amount
31/12/2020	**162,518**	**-34,841**	**127,677**
Decrease due to sales	-13,098	3,169	**-9,929**
Decrease due to fair value changes	-4,589	885	**-3,704**
Total change for the period/year	**-17,687**	**4,054**	**-13,633**
31/12/2021	**144,831**	**-30,787**	**114,044**

			(€/000)
B) Shadow accounting reserve	Gross amount	Tax impact	Net amount
31/12/2020	**81,885**	**-25,237**	**56,648**
Change in shadow accounting reserve	-28,094	8,659	**-19,435**
31/12/2021	**53,791**	**-16,578**	**37,213**

Gains or losses on financial assets AFS			(€/000)
Combined effect A) - B)	Gross amount	Tax impact	Net amount
31/12/2020	**80,633**	**-9,604**	**71,029**
Decrease due to sales	-13,098	3,169	-9,929
Decrease due to fair value changes	-4,589	885	-3,704
Change in shadow accounting reserve	28,094	-8,659	19,435
Total change for the period/year	**10,407**	**-4,605**	**5,802**
31/12/2021	**91,040**	**-14,209**	**76,831**

The following table, which refers to 31 December 2021, shows the reconciliation of profit and equity shown in Vittoria Assicurazioni's individual financial statements with the same items shown in consolidated financial statements. The IFRS adjustments made to Vittoria Assicurazioni's financial statements – prepared, as envisaged by current regulations, in compliance with Italian GAAPs – are specifically indicated.

(€/000)

	Equity attributable to the shareholders of the parent		Equity attributable to minority interest	
	Equity gross of profit of the year	2021 profit	Equity gross of profit of the year	2021 profit
Vittoria Assicurazioni's financial statements compliant with Italian GAAPs	634,467	102,051		
IFRS adjustments (net of related tax effects)	134,134	4,394	-	-
Vittoria Assicurazioni's financial statements based on IFRSs	768,601	106,445	-	-
Consolidated companies' equity	469,961	(1,157)	200	-
Allocation of consolidation differences and eliminations	8,392	(47)		
Consolidated companies' carrying value	(443,710)	-		
Minority interest	(44,854)	(1,797)	44,654	1,797
Profits not yet attributed to Life policyholders	(779)	-		
Deferred taxes on consolidated companies' results	3,325	(550)		
Other items*	(19,578)	(1,581)		
IFRS-compliant consolidated financial statements	**741,358**	**101,313**	**44,854**	**1,797**

* of which elimination of YAM dividends of 16,057 thousand euro

Note 16	31/12/2021	31/12/2020	Change
Provisions	56,709	51,102	5,607

The change in the item compared to the previous year mainly refers to provisions for risks made to cover charges attributable to normal company operations and provisions relating to commercial policies aimed at providing increasingly better customer service.
The Group's real estate companies have made provisions to cover risks related to the sector.

The table below shows the changes in the item:

(€/000)

Provisions	**31/12/2020**	**Accruals of the year**	**Utilisations of the year**	**31/12/2021**
Provision for costs to be incurred	1	-	-	**1**
Other provisions	51,101	20,011	(14,404)	**56,708**
Total	**51,102**	**20,011**	**-14,404**	**56,709**

Note 17	31/12/2021	31/12/2020	Change
Technical reserves	3,509,080	3,291,966	217,114

The following table shows the breakdown of technical reserves.

(€/000)

	Direct business		Indirect business		Total carrying amount	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Non-life reserves	1,748,418	1,671,378	812	838	1,749,230	1,672,216
Premium reserve	436,482	420,823	33	32	436,515	420,855
Claims reserve	1,311,527	1,250,146	779	806	1,312,306	1,250,952
Other reserves	409	409	-	-	409	409
Life reserves	1,759,850	1,619,750	-	-	1,759,850	1,619,750
Reserve for payable amounts	14,810	21,052	-	-	14,810	21,052
Mathematical reserves	1,683,300	1,509,106	-	-	1,683,300	1,509,106
Other reserves	61,740	89,592	-	-	61,740	89,592
Total technical reserves	3,508,268	3,291,128	812	838	3,509,080	3,291,966

The Non-Life "Other reserves" item consists of the ageing reserve of the Health line.

The Life "Other reserves" item mainly consisted of:

- 6,773 thousand euro = reserve of management expenses;
- 54,917 thousand euro = reserve for deferred liabilities to policyholders (of which 53,791 thousand euro stemming from fair value measurement of available-for-sale financial assets and 1,126 thousand euro from reserving against subsidiaries' profits allocated to segregated funds).

The mathematical reserves comprise an additional reserve for longevity risk relating to annuity agreements and capital agreements with a contractually guaranteed coefficient of conversion to an annuity (paragraph n. 36 to the Annex n. 14 of ISVAP Regulation no. 22/2008) amounting to 1,631 thousand euro (1, 665 thousand euro in the previous year); in the case of capital agreements, account is taken of the propensity to convert to an annuity when it is calculated.

The mathematical reserves also include additional reserves for the guaranteed interest rate risk (paragraph n. 22 to the Annex n. 14 of ISVAP Regulation no. 22/2008) amounting to 817 thousand euro (572 thousand euro in the previous year), obtained by joint analysis of the asset and liability portfolios of the segregated internal funds "Vittoria Rendimento Mensile", "Vittoria Valore Crescente", "Vittoria Obiettivo Crescita", "Vittoria Obiettivo Rendimento" and "Vittoria Previdenza". The average rates of return on segregated funds were used to assess the additional reserve for the portfolio of non-revaluable policies. This amount also includes 2 thousand euro relating to the guaranteed Lob VI.

The mathematical reserves also include the additional provisions for time lag (paragraph 23 of ISVAP Regulation No. 22/2008) amounting to 89 thousand euro (1,954 thousand euro in the previous year). The mathematical reserves also include the retained earnings reserve (paragraph 38-bis of Annex 14 of IVASS Regulation 22/2008) of 1,495 thousand euro, determined by the net realised capital gains not allocated to the financial result of the segregated internal fund "Vittoria Obiettivo Rendimento".

Liability Adequacy Test (LAT)

Testing confirmed the adequacy of the book value of the technical reserves shown in accounts.
The key variable factors reviewed in terms of historical trends (where applicable) and estimated on a forecast basis in order to quantify insurance liabilities were as follows:

Mathematical reserves	- technical bases used (actuarial assumptions) - minimum guaranteed returns
Shadow accounting reserve	- average retrocession rate - proportion of unrealised gains on securities allocated to separately-managed business
LAT reserve	- market interest rate - return on separately-managed business - frequency of elimination (per claim or surrender), suspension of premiums, deferral, propensity or conversion to annuity - management expenses - implicit options

Non-Life business

The following table indicates the causes of changes in the claims reserve.

(€/000)

Claims Reserve	Carrying amount
Carrying amount at 31/12/2020	**1,250,952**
Change for the year	61,354
Carrying amount at 31/12/2021	**1,312,306**

The Company carried out the adequacy assessment of the claims reserves using the new Prophet Professional reserving tool with which the valuations of the claims reserves (both Local and Solvency II) and the Solvency II premium reserves are carried out.
The methodologies used are similar to those used in previous years and described below, but have been implemented within the new tool. The selection of the projection parameters was made compatibly with their traceability within the instrument starting from the analysis of the claims portfolio trends.

Mass Risks:

The total claims reserve relating to the Motor Vehicle Third-party Liability class (including Marine, Lake and River Vehicle Third-party Liability) totals 951.2 million euro.

In accordance with the previous years, in order to estimate the last cost most in line with the operating situation, which includes multiple cases with significant differences in the parameters used to assess the extent of the claims, the Company has decided to analyse separately the claims managed outside the Card agreement (established since 2007) and post Card claims, in turn divided by type of management. For this purpose, a preliminary methodological work was carried out to identify actuarial methods that would allow for an accurate assessment of reserves at ultimate cost with the appropriate level of detail.
Different deterministic valuation methods have been identified, which are of a different nature in order to have a more precise monitoring of the evolution dynamics of the claims:

- Chain Ladder Paid: this method estimates the amount of future payments, up to run off of claims generated, building with the available historical series the triangles of the cumulative paid amounts (organised by claim) and calculating the observed development coefficients based on them. These coefficients are applied to the cumulative data up to the current budget year to evaluate future payments.

- Chain Ladder Incurred: this method is similar to the previous one, with the difference that the development coefficients for each accident year are calculated on the total amounts of claims (payments already observed + reserves) in the different balance sheet years. The coefficients are applied to the cumulative data up to the current year to assess the total value of claims in the future.

- Fisher Lange: the method is based on the projection of the number of claims to be paid and on the estimated average cost. This method provides for the estimation by claim duration regarding how fast claims are settled, the rate of claims with follow-up, the average cost of claims and the trend of future inflation. These quantities are evaluated by analysing the run-off triangles of the number of claims paid, reserved, without follow-up and reopened, and the average costs recorded for each generation/duration.

- Bornhuetter Ferguson - Paid/Incurred: this method allows to arrive at an estimate based on the results obtained from the Chain Ladder methods described above and those of the method of the Expected Claims Technique. The latter provides for the estimate of the total cost of the claims starting from the identification of an *a priori* Loss Ratio determined on the basis of the expert judgement of Vittoria Assicurazioni.

In order to obtain a more stable estimate, or less influenced by any changes in the timing of information exchange through the Clearing House, the methods allow a joint assessment of the Ultimate Cost and the IBNR reserve being applied to data that also includes information on late claims observed (the IBNR reserve was however directly calculated using the method described below and then separated from the overall value).

For all management operations, on the basis of having sufficient historical depth, the development coefficients of the areas have been estimated separately for each component analysed in order to represent the different outlooks.

Other risks:

For the General TPL Lob, a verification is carried out on the adequacy of the claims reserve (including the IBNR) using the deterministic actuarial methods similar to that described for the MV TPL class.
For the valuation of the reserves of the other classes (with the exception of Credit, Deposits and Monetary Losses) the Chain Ladder Paid and Incurred actuarial models described for the MV TPL lob were used, analysing the data with the details of the Business Solvency II Line.

IBNR claims:

Calculation of the reserve for IBNR (incurred but not reported) claims requires estimation for each business of both the number and average cost of late claims. The estimate was made using as its source the balance-sheet input forms for the years 2009-2021 taking in consideration possible gaps between prior year allocation and the final amount.
For the Motor TPL class, the estimate in question is conducted separately for each type of management.

Life business

The following table indicates the causes of changes in the mathematical reserves.

(€/000)

Mathematical Reserves	Carrying amount
Carrying amount at 31/12/2020	**1,509,106**
Portfolio transfers	-9
Change for the year	174,203
Carrying amount at 31/12/2021	**1,683,300**

Key actuarial assumptions concerning Life technical reserves are detailed below:

(€/000)

Risk category	Capital sums, annuities	Technical reserves	Year of issue	Technical basis	
				financial	demographic
Temporary	5,142,131	28,065	1990 - 1997	4%	SIM81
			1998 - 2001	3% - 4%	SIM91
			2001 - 2007	3%	SIM91 at 70%
			2008 - 2011	3%	SI91 at 50% and 70%
			2012 - 2014	3%	SIM2001 at 90%- 65%
			since 2015	2%	SIM2001 at 90%- 65%
Adjustable	1	7	1969 - 1979	3%*	SIM51
Indexed	-	41	1980 - 1988	3%*	SIM51
Other types	159	90			
Revaluable	1,613,485	1,655,794	1988 - 1989	3%*	SIM71
			1990 - 1996	4%*	SIM81
			1997 - 1999	3%*	SIM91
			2000 - 2011	1.5% - 2%*	SIM81-91
			2012 - 2014	2%	SIM2001 at 80%
			2014 - 2015	1.25%	SIM2001 at 70%
			since 2015	0.00%	SIM2001 at 70%
L.T.C.	58,386	5,551	2001 - 2004	2.5%	(1)
			2004 - 2011	2.5%	(2)
	-	-	since 2012	2.5%	(3)
Pension fund	25,889	29,620	dal 1999	---	---
Unit Linked	166,666	166,462	1998 - 2014	0%	SIM91
			since 2015	0%	SIM2001
Total business lines	**7,006,718**	**1,885,630**			
AIL Rivalutabile	346	349	1986 - 1998	4%*	SIM51
			1999 - 2004	3%*	SIM81
Total business lines	**7,007,064**	**1,885,980**			

* Due to the effect of the contractually guaranteed revaluation, technical rates have increased to:

for indexed policies: 3.0% for adjustable policies: 3.0%

for revaluable policies: Vittoria Valore Crescente 3.43%; Vittoria Rendimento Mensile 3.32%; Vittoria Previdenza 1.82%; Vittoria Obiettivo Crescita 2.25%; Vittoria Obiettivo Rendimento 1.46%.

(1) SIM 91 reduced to 62%; SIF 91 reduced to 53%; mortality rates and LTC (long term care) rates taken from insurers' studies

(2) SIM 91 reduced to 60%; mortality rates and LTC rates taken from insurers' studies

(3) SIU 2001 indistinct; mortality rates and incidence rates LTC derived from reinsurers' studies

Note 18	31/12/2021	31/12/2020	Change
Financial liabilities at fair value through profit or loss	196,209	117,477	78,732
Other financial liabilities	537,570	570,575	-33,005

The breakdown of the composition of financial liabilities, in accordance with the layout defined by the aforementioned ISVAP Regulation, is shown in the specific section dedicated to the "Annexes to the Consolidated Financial Statements".

Financial liabilities at fair value through profit or loss

The item "Financial liabilities at fair value through profit or loss" refers to financial liabilities relating to investment contracts for which policyholders bear the investment risk and those relating to pension-fund management, as well as negative positions in derivative contracts held for trading and hedging purposes.

The following table shows the cumulative change as at 31 December 2021:

(€/000)

	Benefits relating to unit-linked and index-linked policies	Benefits relating to pension fund management	Total
Carrying amount at 31/12/2020	**87,499**	**27,115**	**114,614**
Investment of net fund assets	73,689	4,752	78,441
Profits attributable to policyholders	13,472	1,603	15,074
Amounts paid	-7,998	-1,492	-9,490
Carrying amount at 31/12/2021	**166,662**	**31,977**	**198,639**

Other financial liabilities

The item includes:
- Reinsurance deposits of 6,873 thousand euro;
- Bank credit lines for 11,238 thousand euro;
- Vittoria Assicurazioni's commitment for payment of 150,023 thousand euro (184,643 thousand euro as at 31 December 2020) to companies active in private equity, private debt industry and infrastructure funds, against which the rights to receive the related financial instruments are posted in the "Loans & receivables" item;
- Non-convertible subordinated bond loan at a fixed rate of 5.75% per annum for a total amount of 250,000 thousand euro, composed of n. 2,500 bonds with a unitary nominal value of Euro 100,000 each and destined for institutional investors;
- Mortgage loan of 101,262 thousand euro held by the Pegasus Fund.

As already described in the Directs' report, Vittoria Assicurazioni continued the action aimed at diversification by asset classes of the investment portfolio during the year. This transaction therefore led to an increase in exposure mainly in UCIs in asset classes belonging to the private equity, private debt sectors and infrastructure funds.
Lastly, the item includes leasing liabilities totaling 14,598 thousand euro which represent the residual debt of the fees provided for in the contract.

Payables due beyond 12 months totalled 643,054 thousand euro.

Disclosure concerning fair value

The listing price at December 31, 2021 of the non-convertible subordinated bond loan issued by the Company is equal to 103.69 euro. The book value referred to the remaining financial liabilities represents a good approximation of the fair value.

Note 19	31/12/2021	31/12/2020	Change
Payables arising from direct insurance business	13,878	10,803	3,075

The breakdown of the item was as follows:

(€/000)

Payables arising from direct insurance business	31/12/2021	31/12/2020
Payables to insurance brokers and agents	7,298	3,436
Payables to insurace companies - current accounts	4,854	5,585
Guarantee deposits paid by policyholders	1,726	1,782
Total	**13,878**	**10,803**

Note 20	31/12/2021	31/12/2020	Change
Payables arising from reinsurance business	13,549	11,170	2,379

The item refers to amounts payable to insurers and reinsurers and reflects payables arising from the current accounts showing the technical results of reinsurance treaties.

Note 21	31/12/2021	31/12/2020	Change
Other sums payable	78,697	72,243	6,454

The breakdown of the item was as follows:

(€/000)

Other sums payable	31/12/2021	31/12/2020
Payments on accounts received by real estate companies for preliminary sales agreements	708	183
Trade payables	23,109	19,113
Payables to employees	3,844	3,246
Employee benefits - provisions for termination benefits	2,369	2,584
Policyholders' tax due	28,992	27,355
Sundry tax liabilities (withholdings)	3,180	2,672
Social security charges payable	4,069	3,945
Payables to associate companies	332	246
Sundry payables	12,094	12,899
Total	**78,697**	**72,243**

The other liabilities for employee benefits, particularly health benefits (P.S.) and seniority bonuses (P.A.) are classified in the account “Other liabilities” (note 24).

It is expected that the amount of the reserve for termination benefits (T.F.R.) will be collectible more than 12 months hence.

For the purpose of a better presentation clarity, the following table highlights the overall amount and movements of liabilities relating both to post-employment benefits (“supplementary” pension as described above and healthcare benefits) and to other long-term benefits (seniority bonuses).

(€/000)

Changes in defined benefic plans	Post-employment benefits		Other long-term benefits	Total
Charge	Healthcare services	Termination benefits	Seniority bonuses	
Carrying amount at 31/12/2020	1,872	2,585	2,480	**6,938**
Accruals	145	(1)	150	**294**
Utilizations	(54)	(116)	-	**(170)**
Other changes (exchange rate gains or losses, acquisitions)	(115)	(99)	-	**(214)**
Carrying amount at 31/12/2021	1,848	2,369	2,630	**6,848**

The following table, which refers to the increases in liabilities shown in the previous table, details the costs recognised in the income statement.

(€/000)

Charge	Healthcare services	Termination benefits	Seniority bonuses	Total
Current service cost	145	(1)	150	**294**
Interest	7	-	-	**7**
Net actuarial gains	(122)	(99)	-	**(221)**
Total charges	30	(100)	150	**80**

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 actualization rate (for the purpose of termination benefits)	0.44%
- Annual technical actualization rate (for the purpose of Healthcare services and Seniority bonuses)	0.44%
- Annual rate of severance payment increment	2.40%
- Annual rate of growth of remuneration (for the purpose of calculating seniority premiums)	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 these analysis no significant issues has been reported.

Note 22	31/12/2021	31/12/2020	Change
Deferred tax liabilities	49,101	52,488	-3,387

The item includes deferred tax liabilities allocated to the insurance business for 47,793 thousand euro, the real estate and services business for 214 thousand euro, and elimination entries 1,094 thousand euro, mainly in regard to fair value adjustment of the assets owned by associates and subsidiaries acquired over the past few years.

The breakdown of the item was as follows:

(€/000)

Deferred tax liabilities	31/12/2021
Alignment with fair value of assets held by investee companies acquired	3,343
Deferral of gains on the sale of financial instruments	1,819
Financial assets available for sale	35,840
Derecognition of the catastrophe reserves	6,892
Future dividends	-12
Other	1,219
Total	**49,101**

Note 23	31/12/2021	31/12/2020	Change
Current tax liabilities	1,020	17,039	-16,019

This account refers to period income taxes net of tax prepayments. This payable reflects the options adopted by Vittoria Assicurazioni as part of the National Tax Consolidation Programme.

Note 24	31/12/2021	31/12/2020	Change
Other liabilities	71,020	37,661	33,359

This account consists mainly of commissions to be paid on the bonuses being collected at the end of the period and provisions for agency awards totalling 21,693 thousand euro (13,393 thousand euro in the previous year), the deferred commission income related to investment contracts for 1,238 thousand euro (794 thousand euro in the previous year), invoices and notes to be received from suppliers for 7,587 thousand euro (4.958 thousand euro in the previous year), liabilities related to defined benefits and other long-term employee benefits (Health Benefits and Retirement Bonuses) amounting to 4,478 thousand euro (4,353 thousand euro in the previous year) and amounts related to margins pledged as collateral on forward sale contracts of government bonds in favour of the Parent Company entered into with certain counterparties, amounting to 18,920 thousand euro.

Consolidated Income Statement

Note 25	31/12/2021	31/12/2020	Change
Gross premiums	1,500,956	1,407,889	93,067
Ceded premiums for reinsurance	52,474	37,601	14,873
Amounts paid and change in technical reserves	1,042,840	913,244	129,596
Reinsurers' share	-39,731	-22,549	-17,182

The following table provides information on the split between direct business, indirect business, outward reinsurance, and retrocession:

(€/000)

	31/12/2021				31/12/2020			
	Non-life business	Life business	Intersegment eliminations	Total	Non-life business	Life business	Intersegment eliminations	Total
NET PREMIUMS	**1,197,236**	**251,245**	**-**	**1,448,481**	**1,177,785**	**192,503**	**-**	**1,370,288**
Gross premiums	**1,247,882**	**253,073**	**-**	**1,500,955**	**1,213,796**	**194,093**	**-**	**1,407,889**
Gross written premiums	1,263,544	253,073	-	1,516,617	1,221,405	194,093	-	1,415,498
a Direct business	1,263,445	253,073	-	1,516,518	1,221,310	194,093	-	1,415,403
b Indirect business	99	-	-	99	95	-	-	95
Change in premium reserve	-15,662	-	-	-15,662	-7,609	-	-	-7,609
a Direct business	-15,661	-	-	-15,661	-7,607	-	-	-7,607
b Indirect business	-1	-	-	-1	-2	-	-	-2
Ceded premiums	**50,646**	**1,828**	**-**	**52,474**	**36,011**	**1,590**	**-**	**37,601**
Gross premiums ceded	51,632	1,828	-	53,460	36,331	1,590	-	37,921
a Outward reinsurance	51,632	1,828	-	53,460	36,331	1,590	-	37,921
Change in premium reserve	-986	-	-	-986	-320	-	-	-320
a Outward reinsurance	-986	-	-	-986	-320	-	-	-320
NET CHARGES RELATING TO CLAIMS	**725,189**	**277,920**	**-**	**1,003,109**	**681,867**	**209,000**	**-172**	**890,695**
Paid amounts and change in technical reserves	**764,311**	**278,529**	**-**	**1,042,840**	**704,889**	**208,527**	**-172**	**913,244**
Direct business	764,364	278,529	-	1,042,893	704,898	208,527	-	913,425
Indirect business	-53	-	-	-53	-9	-	-	-9
Shadow accounting of investee companies' profits	-	-	-	-	-	-	-172	-172
Reinsurers' share	**39,122**	**609**	**-**	**39,731**	**23,022**	**-473**	**-**	**22,549**
Outward reinsurance	39,122	609	-	39,731	23,022	-473	-	22,549

Net charges relating to claims (claims costs) – Non-Life segment

The item "Amounts paid and change in technical reserves" refers to:

- Amounts paid: definitive or partial indemnities for claims and related direct expenses and settlement costs;
- Change in claims reserve: estimated indemnities, direct expenses, and settlement costs that are forecast to be paid in future financial years for claims occurring in the current year, plus any adjustment of claims reserves made for claims occurring in previous years that were still outstanding as at 31 December;
- Change in other technical reserves: this refers to change in the ageing reserve for the Health Lob.

Net charges relating to claims (claims costs) – Life segment

The item "Amounts paid and change in technical reserves" refers to:

- Paid Amounts: the amounts paid for claims, accrued capital, surrenders, and annuities;
- Change in the reserve for amounts to be paid: This refers to the change in amounts necessary to pay accrued capital sums and annuities, surrenders and claims to be settled;
- Change in mathematical reserves: this is the change in technical reserves, the content of which is illustrated in the Accounting Policies section;
- Change in other technical reserves: this comprises the change in the Reserve for profit participation and reversals, the Reserve for management expenses, and the Premiums reserve for complementary insurance. In addition, when consolidating accounts, "Intersegment eliminations" take in policyholders' share in the profits (net of dividends already distributed) of investee companies, the investment in which is allocated to segregated accounts.

For the geographical split of premiums, reference should be made to the table shown in the section "Geographical segment reporting (secondary segment)".

Note 26	31/12/2021	31/12/2020	Change
Commission income	3,099	1,596	1,503

The item refers to commission income for the period for investment contracts classified as financial liabilities (unit-linked contracts and pension funds).

Note 27	31/12/2021	31/12/2020	Change
Gains or losses on financial instruments at fair value through profit or loss	5,472	-2,863	8,335
Gains on investments in subsidiaries and associates and interests in joint ventures	-353	608	-961
Gains or losses on other financial instruments and investment property	107,278	78,613	28,665
Losses on investments in subsidiaries and associates and interests in joint ventures	3,601	1,110	2,491
Losses on other financial instruments and investment property	39,811	31,235	8,576

To complete the information disclosed below, we point out that the table detailing the breakdown of financial and investment income and charges/losses is shown in the specific section called "Annexes to Consolidated financial statements".

Gains and losses on financial instruments at fair value through profit or loss

These are income and losses on financial assets held for trading; specifically, stemming from unrealised losses.

As regards financial assets designated at fair value through profit or loss – i.e.referring to investment contracts of the unit-linked and pension-fund type – income recognised in FY21 amounted to 15,074 thousand euro, set against losses of the same amount, due to the change in related financial liabilities designated at fair value through profit or loss.

Gains and losses on investments in subsidiaries, associates, and joint ventures

These items referred entirely to the results of equity-accounted Group companies. Reference should be made to Note 5 for further details,

Gains and losses on other financial instruments and investment property

The following table summarises the investments and financial assets and liabilities originating the gains and losses indicated above:

(€/000)

	Gains 31/12/21	Gains 31/12/20	Losses 31/12/21	Losses 31/12/20
Investment property	34,427	8,298	14,315	12,313
Held to maturity investments	270	473	-	-
Loans and receivables	252	294	-	-
Financial assets available for sale	71,777	69,311	7,330	1,437
Other receivables	537	183	-	-
Cash and cash equivalents	15	54	-	-
Other financial liabilities	-	-	18,166	17,485
Total	**107,278**	**78,613**	**39,811**	**31,235**

Note 28	31/12/2021	31/12/2020	Change
Other income	10,481	18,630	-8,149

The following table details the breakdown of this item:

(€/000)

Other income	31/12/21	31/12/20
Trading profits	54	3,487
Revenue from services: insurance commission income with third parties	-	1,200
Revenue from services: other revenue from services	580	1,000
Rent income	5,024	3,587
Technical income on insurance contracts	3,467	6,388
Gains on the sale of property, plant and equipment	36	-
Exchange rate gains	57	50
Incidental non-operating income	377	307
Other income	886	2,611
Total	**10,481**	**18,630**

Technical income on insurance contracts refer for 1,527 thousand euro (943 thousand euro at 31/12/2020) to reversal of commissions on cancelled premiums and for 1,670 thousand euro (4,837 thousand euro at 31/12/2020) to other technical items, mainly consisting of recovers on knock-for-knock claims settlement costs and ANIA contributions for cars scrapped following claim events.

Note 29	31/12/2021	31/12/2020	Change
Commission expense	2,166	1,064	1,102

The item includes commission expense, i,e, acquisition and maintenance costs incurred for investment contracts classified as financial liabilities (unit-linked and pension funds).

Note 30	31/12/2021	31/12/2020	Change
Commissions and other acquisition costs	277,360	258,109	19,251
Investment management costs	1,910	1,857	53
Other administrative costs	59,350	65,241	-5,891

To complete the information disclosed below, we point out that the table detailing insurance operating costs is shown in the specific section called “Annexes to Consolidated financial statements”.

The following table details the breakdown of “Commissions and other acquisition costs”.

(€/000)

Gross commissions and other acquisition costs net of profit participation and other commissions	31/12/2021	31/12/2020
Acquisition commissions	219,139	194,023
Other acquisition costs	59,079	57,974
Change in deferred acquisition costs	-1,340	-376
Premium collection commissions	6,897	11,837
Profit participation and other commissions received from reinsurers	-6,415	-5,349
Total	**277,360**	**258,109**

Note 31	31/12/2021	31/12/2020	Change
Other costs	37,378	59,434	-22,056

The breakdown of this item was as shown below:

(€/000)

Other costs	31/12/2021	31/12/2020
Technical costs on insurance contracts	10,885	10,674
Accruals to the provision for bad debts	9,210	4,552
Foreign-exchange losses	60	77
Incidental non-operating costs	815	3,512
Annual depreciation & amortisation	5,854	8,924
Losses on non insurance receivables	13	2
Accruals to the provision for risks and charges	11,528	28,796
Commissions from services sector	-	2,897
Other costs	-987	-
Total	**37,378**	**59,434**

Technical costs on insurance contracts refer to technical write-offs and losses on unrecoverable premiums and related bad-debt provisioning for 9,618 thousand euro (9,266 thousand euro as at 31/12/2020) and to services supporting insurance covers and costs for premiums under litigation for 1,267 thousand euro (1,408 thousand euro as at 31/12/2020).
The provision for risks and charges were made mainly to cover charges related to ordinary business operations and commercial policies aimed at providing an increasingly better service to customers.

Note 32	31/12/2021	31/12/2020	Change
Income taxes	46,664	50,523	-3,859

Of this item 47,365 thousand euro related to current taxes and -701 thousand euro to deferred taxes. Income taxes are recognised in profit or loss, with the exception of those relating to items directly charged or credited to equity, in which case the tax effect is recognised directly in equity.

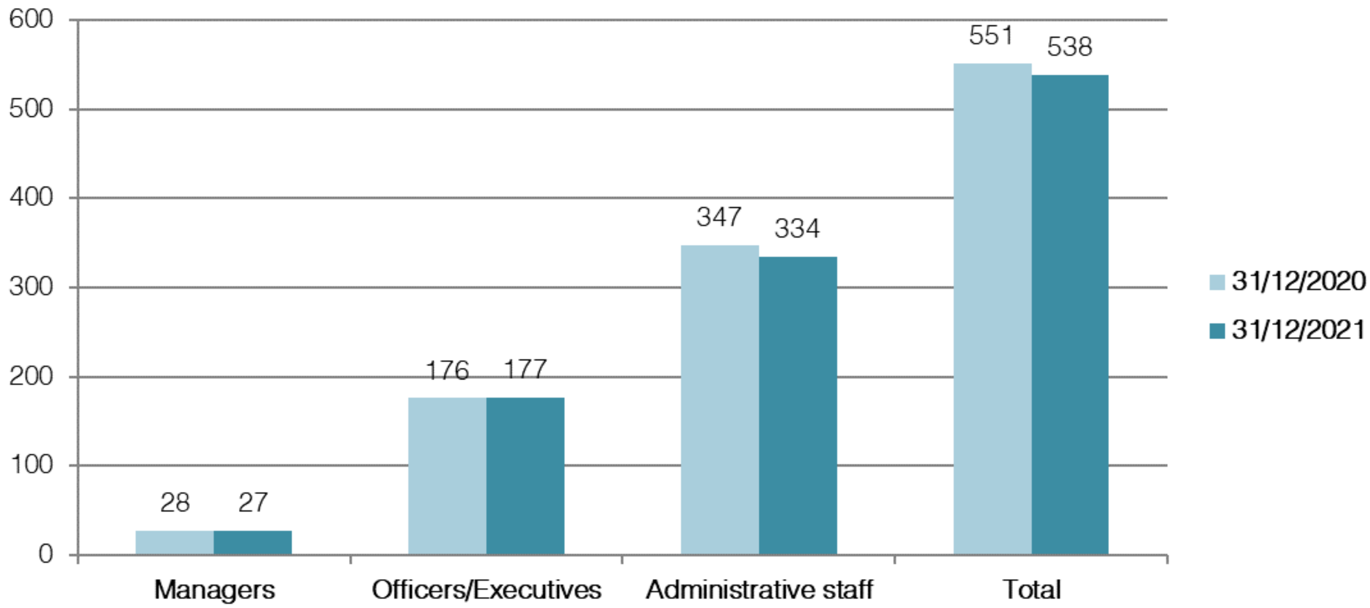
(€/000)

	Taxable base	Tax		
	IRES	actual	theoretical	tax rate
IRES				
Profit before taxation	149,773		35,946	24.00%
Temporary differences deductible in sunsequent years (net)	109,952	26,388		17.62%
Revaluation of associates under the equity method	-48	-12		-0.01%
Participating interest impairment	146	35		0.02%
Dividends received	-3,420	-821		-0.55%
Interests, expenses and other taxes indeductible	8,140	1,954		1.30%
Other captions	-10,333	-2,480		-1.66%
Total Change	104,437	25,064	35,946	16.72%
Current ordinary taxable base	254,210	61,010		40.73%
IRES total current	254,210	61,010		40.73%

Other disclosures

Employees

Employees of Vittoria Assicurazioni and of fully consolidated companies numbered 542 at 31 December 2021 vs. 557 present as at 31 December 2020.
The average number of in-force employees on the payroll, split by contractual grade, was as follows:



Key data of the Parent Company

Pursuant to Article 2497 bis of the Italian Civil Code, as amended by the corporate law reform, the essential data of the last approved financial statements of Yafa S.p.A., the parent company that exercises management and coordination activities on Vittoria Assicurazioni, are summarized as follows:

(€/000)

				Key figures for the last financial report approved as of 31 December 2020							
Denomination	Registered office	Share Capital	Sector	Total Assets	Fixed assets	Current assets	Liabilities	Equity	Profit (loss) for the year	Costs	Revenues
Yafa S.p.A.	Turin - Corso vittorio Emanuele II n. 72	15,000	Holding	101,922	101,330	584	28,354	73,550	8,491	4,327	12,818

Information on the various economic advantages received by Public Administrations and similar bodies

Pursuant to Article 1, paragraphs 125 to 129, Law 124/2017, it should be noted that no contribution has been received from the Public Administration for the financial year 2021.

Hedge accounting

In October, Vittoria Assicurazioni concluded a forward sale transaction with the aim of hedging against both interest rate risk and credit risk, which concerned part of the Italian government bonds allocated to the life portfolio for a nominal value of 307,750 thousand euro.
The fair value of the derivative at 31 December 2021 was positive 2,429 thousand euro, with an equal change in fair value from the effective date of the hedging relationships currently in place. The change in the fair value of the hedged bonds classified as Available-for-sale assets, recognised during the period of validity of the hedge, was a positive 2,429 thousand euro.
The hedge at 31 December 2021 is effective as the ratios between the respective fair value changes remain within the 80%-125% range.
The economic effects pertaining to the 2021 financial year are negative for 4,849 thousand euro as regards the change in fair value of the underlying assets and positive for 4,849 thousand euro as regards the change in fair value of the derivative.

Tax status

For the year 2021, the Parent Company confirmed the option for the National Tax Consolidation scheme (art. 117 et seq. of Presidential Decree 917 of 22 December 1986) with its subsidiaries Immobiliare Bilancia S.r.l., Acacia 2000 S.r.l., VAIMM Sviluppo S.r.l., Vittoria Properties S.r.l., Vittoria Immobiliare S.p.A., Interbilancia S.r.l., VRG Domus S.r.l., Vittoria Hub S.r.l..
The option is confirmed with the same structure for the year 2022.

With reference to the year 2021, the parent company confirmed the option to settle VAT at group level pursuant to Ministerial Decree 13.12.1979, together with the subsidiaries Vittoria Immobiliare, Acacia 2000 Srl, VRG Domus Srl, Vittoria Properties Srl, Immobiliare Bilancia Srl, Vaimm Sviluppo Srl, Vittoria Hub Srl.
The option is confirmed with the same structure also for the year 2022.

During the year 2019, the Parent Company was subject to a tax audit by the Inland Revenue Agency on the tax years 2014 and 2015, which ended with VAT disputes. Agenzia delle Entrate served the notice of assessment and the notice of contestation of penalties for the year 2014 only and the Company challenged both measures with an appeal to the C.T.P. of Milan. Subsequently, the Parent closed the notice of assessment through judicial conciliation, while the notice of contestation of penalties was cancelled in self-defence by the Inland Revenue Office. Nothing has been notified for 2015 or subsequent years at the time of drafting this document.

The Board of Directors

Milan, 23rd February 2022

Annexes to Consolidated 2021 financial statements

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2021
Consolidation scope

	Country	Country operational headquarters (5)	Method (1)	Business (2)	% of direct holding	% of total investment (3)	% of voting rights in ordinary meetings (4)	% of consolidation
Vittoria Assicurazioni S.p.A.	Italy		G	1				
Vittoria Immobiliare S.p.A.	Italy		G	10	100.00	100.00	100.00	100.00
Immobiliare Bilancia S.r.l.	Italy		G	10	100.00	100.00	100.00	100.00
Immobiliare Bilancia Prima S.p.A.	Italy		G	10	100.00	100.00	100.00	100.00
Vittoria Properties S.r.l.	Italy		G	10	100.00	100.00	100.00	100.00
Interbilancia S.r.l.	Italy		G	9	100.00	100.00	100.00	100.00
Vaimm Sviluppo S.r.l.	Italy		G	10	100.00	100.00	100.00	100.00
Acacia 2000 S.r.l.	Italy		G	10	100.00	100.00	100.00	100.00
Vittoria Hub S.r.l.	Italy		G	11	100.00	100.00	100.00	100.00
V.R.G. Domus S.r.l	Italy		G	10	100.00	100.00	100.00	100.00
Fondo Pegasus	Italy		G	11	50.98	50.98	50.98	100.00
Aspevi ACLI S.r.l.	Italy		G	11	-	60.00	60.00	100.00

(1) Consolidation method: Line-by-line=L, Proportionate=P, Proportionate by common management=C

(2) 1=Italian insurance; 2=EU insurance; 3=Non-EU insurance; 4=insurance holding; 5=EU reinsurance; 6=non-EU reinsurance; 7=banking; 8=fund management; 9=other holding; 10=real estate; 11=other

(3) the total of the stakes held by all the companies that, in the shareholding structure, are placed between the company that prepares the consolidated financial statements and the investee. If the latter is directly held by more than one subsidiary, the individual products should be added.

(4) total voting rights percentage available in ordinary meetings if different from the direct or indirect investment percentage.

(5) this disclosure is requested only when the country of operational headquarters is different from the country of legal and administrative headquarters.

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2021

List of unconsolidated investments

	Country	Country operational headquarters (5)	Business (1)	Type (2)	% of direct holding	% of total investment (3)	% of voting rights in ordinary meetings (4)	Carrying amount
Yarpa S.p.A.	Italy		9	b	28.56	28.56	28.56	12,049
Touring Vacanze S.r.l.	Italy		10	b	46.00	46.00	46.00	7,224
Mosaico S.p.A.	Italy		10	b	-	45.00	45.00	199
Pama & Partners S.r.l.	Italy		10	b	-	25.00	25.00	528
Fiori di S. Bovio S.r.l.	Italy		10	b	-	40.00	40.00	-
Aspevi Milano S.r.l.	Italy		11	b	-	49.00	49.00	106
Aspevi Roma S.r.l.	Italy		11	b	-	49.00	49.00	696
Aspevi Firenze S.r.l.	Italy		11	b	-	49.00	49.00	21
Morning Capital S.r.l.	Italy		11	b	-	20.00	20.00	102

(1) 1=Italian insurance; 2=EU insurance; 3=Non-EU insurance; 4=insurance holding; 5=EU reinsurance; 6=non-EU reinsurance; 7=banking; 8=fund management; 9=other holding; 10=real estate; 11=other

(2) a=subsidiaries (IAS27) ; b=associated companies (IAS28); c=*joint ventures* (IAS 31); indicate with an asterisk (*) companies classified as held for sale in compliance with IFRS 5 and show the key at the foot of the table.

(3) the total of the stakes held by all the companies that, in the shareholding structure, are placed between the company that prepares the consolidated financial statements and the investee. If the latter is directly held by more than one subsidiary, the individual products should be added.

(4) total voting rights percentage available in ordinary meetings if different from the direct or indirect investment percentage.

(5) this disclosure is requested only when the country of operational headquarters is different from the country of legal and administrative headquarters.

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2021

Balance sheet by business and business line

(€/000)

		Non-life business		Life business		Real estate business		Service business		Intersegment eliminations		Total	
		31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20
1	**INTANGIBLE ASSETS**	**12,372**	**2,823**	**988**	**302**	**67**	**101**	**0**	**0**	**0**	**0**	**13,427**	**3,226**
2	**PROPERTY, PLANT AND EQUIPMENT**	**78,606**	**82,155**	**15,962**	**16,299**	**281,934**	**220,295**	**22**	**688**	**3,238**	**3,645**	**379,762**	**323,082**
3	**REINSURERS' SHARE OF TECHNICAL RESERVES**	**65,691**	**63,655**	**4,126**	**3,559**	**0**	**0**	**0**	**0**	**0**	**0**	**69,817**	**67,214**
4	**INVESTMENTS**	**2,549,176**	**2,469,817**	**2,072,089**	**1,852,161**	**281,526**	**291,989**	**3,099**	**2,479**	**-462,085**	**-413,340**	**4,443,805**	**4,203,106**
4.1	Investment property	39,804	54,637	18,950	33,362	256,448	259,414	0	0	0	0	315,202	347,413
4.2	Investments in subsidiaries and associates and interests in joint ventures	434,348	402,488	28,636	29,914	829	869	823	760	-443,710	-396,090	20,926	37,941
4.3	Held to maturity investments	0	0	0	11,565	0	0	0	0	0	0	0	11,565
4.4	Loans and receivables	202,705	238,150	266	2,370	24,249	31,706	0	0	0	0	227,220	272,226
4.5	Financial assets available for sale	1,871,690	1,774,542	1,825,595	1,660,328	0	0	2,276	1,719	-18,375	-17,250	3,681,186	3,419,339
4.6	Financial assets at fair value through profit or loss	629	0	198,642	114,622	0	0	0	0	0	0	199,271	114,622
5	**OTHER RECEIVABLES**	**294,118**	**272,151**	**25,334**	**20,962**	**6,405**	**2,567**	**325**	**1,573**	**-12,540**	**-5,446**	**313,642**	**291,807**
6	**OTHER ASSETS**	**91,975**	**75,085**	**71,891**	**58,397**	**12,029**	**9,982**	**108**	**1,046**	**2,362**	**2,108**	**178,365**	**146,618**
6.1	Deferred acquisition costs	0	0	8,389	7,049	0	0	0	0	0	0	8,389	7,049
6.2	Other assets	91,975	75,085	63,502	51,348	12,029	9,982	108	1,046	2,362	2,108	169,976	139,569
7	**CASH AND CASH EQUIVALENTS**	**2,531**	**841**	**3,101**	**643**	**10,488**	**5,836**	**1,217**	**2,581**	**0**	**0**	**17,337**	**9,901**
	TOTAL ASSETS	**3,094,469**	**2,966,527**	**2,193,491**	**1,952,323**	**592,449**	**530,770**	**4,771**	**8,367**	**-469,025**	**-413,033**	**5,416,155**	**5,044,954**
1	**EQUITY**											**889,322**	**812,430**
2	**PROVISIONS**	**48,712**	**46,349**	**3,835**	**3,835**	**3,938**	**664**	**224**	**254**	**0**	**0**	**56,709**	**51,102**
3	**TECHNICAL RESERVES**	**1,749,230**	**1,672,215**	**1,758,724**	**1,618,625**	**0**	**0**	**0**	**0**	**1,126**	**1,126**	**3,509,080**	**3,291,966**
4	**FINANCIAL LIABILITIES**	**430,429**	**464,585**	**202,023**	**121,503**	**101,262**	**101,262**	**65**	**702**	**0**	**0**	**733,779**	**688,052**
4.1	Financial liabilities at fair value through profit or loss	0	0	196,209	117,477	0	0	0	0	0	0	196,209	117,477
4.2	Other financial liabilities	430,429	464,585	5,814	4,026	101,262	101,262	65	702	0	0	537,570	570,575
5	**PAYABLES**	**92,701**	**83,728**	**10,827**	**7,868**	**15,105**	**4,182**	**31**	**3,883**	**-12,540**	**-5,445**	**106,124**	**94,216**
6	**OTHER LIABILITIES**	**61,685**	**66,140**	**51,457**	**37,698**	**6,613**	**1,774**	**34**	**236**	**1,352**	**1,340**	**121,141**	**107,188**
	TOTAL EQUITY AND LIABILITIES											**5,416,155**	**5,044,954**

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2021

Income statement by business and business line

(€/000)

Income statement by business and business line	Non-life business		Life business		Real estate business		Service business		Intersegment eliminations		Net gains and costs/losses	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Net premiums	1,197,239	1,177,785	251,243	192,503	-	-	-	-	-	-	1,448,482	1,370,288
Gross premiums	1,247,884	1,213,796	253,072	194,093	-	-	-	-	-	-	1,500,956	1,407,889
Ceded premiums	50,645	36,011	1,829	1,590	-	-	-	-	-	-	52,474	37,601
Commission income	-	-	3,099	1,596	-	-	-	-	-	-	3,099	1,596
Gains or losses on remeasurement of financial instruments at fair value through profit or loss	629	-	4,843	-2,863	-	-	-	-	-	-	5,472	-2,863
Gains on investments in subsidiaries and associates and interests in joint ventures	422	6,655	-	-	-954	116	179	68	0	-6,231	-353	608
Gains on other financial instruments and investment property	25,134	16,664	65,711	59,720	16,433	2,256	0	12	0	-39	107,278	78,613
Other income	5,450	8,768	226	866	5,045	8,058	27	4,469	-267	-3,531	10,481	18,630
TOTAL REVENUE	**1,228,874**	**1,209,872**	**325,122**	**251,822**	**20,524**	**10,430**	**206**	**4,549**	**-267**	**-9,801**	**1,574,459**	**1,466,872**
Net charges relating to claims	725,189	681,866	277,920	209,001	-	-	-	-	0	-172	1,003,109	890,695
Amounts paid and change in technical reserves	764,311	704,889	278,529	208,527	-	-	-	-	0	-172	1,042,840	913,244
Reinsurers' share	-39,122	-23,023	-609	474	-	-	-	-	-	-	-39,731	-22,549
Commission expense	-	-	2,166	1,064	-	-	-	-	-	-	2,166	1,064
Losses on investments in subsidiaries and associates and interests in joint ventures	3,601	10,590	-	753	0	17	-	-	-	- 10,250	3,601	1,110
Losses on other financial instruments and investment property	19,319	19,983	7,194	2,400	12,147	7,737	26	29	1,125	1,086	39,811	31,235
Operating costs	314,319	302,909	16,574	15,350	7,314	8,692	605	1,821	-192	-3,565	338,620	325,207
Other costs	32,488	53,622	630	2,256	5,155	513	107	3,043	- 1,002	-	37,378	59,434
TOTAL COSTS	**1,094,916**	**1,068,970**	**304,484**	**230,824**	**24,616**	**16,959**	**738**	**4,893**	**-69**	**-12,901**	**1,424,685**	**1,308,745**
PROFIT FOR THE YEAR BEFORE TAXATION	**133,958**	**140,902**	**20,638**	**20,998**	**-4,092**	**-6,529**	**-532**	**-344**	**-198**	**3,100**	**149,774**	**158,127**

Breakdown of other comprehensive income

(€/000)

	Allocation		Reclassification to profit or loss		Other Changes		Total Changes		Taxes		Balance	
	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20
Other comprehensive income, net of taxes without reclassification to profit or loss	**90**	**-59**			**0**	**0**	**90**	**-59**	**-26**	**-26**	**13**	**-77**
Changes in the equity of investees	0	0			0	0	0	0	0	0	0	0
Changes in intangible asset revaluation reserve	0	0			0	0	0	0	0	0	0	0
Changes in tangible asset revaluation reserve	0	0			0	0	0	0	0	0	0	0
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	0	0			0	0	0	0	0	0	0	0
Actuarial gains and losses and adjustments related to defined benefit plans	90	-59			0	0	90	-59	-26	-26	13	-77
Other items	0	0			0	0	0	0	0	0	0	0
Other comprehensive income, net of taxes with reclassification to profit or loss	**15,732**	**19,397**	**-9,930**	**-9,818**	**0**	**0**	**5,802**	**9,579**	**4,604**	**-209**	**76,831**	**71,029**
Change in translation reserve	0	0	0	0	0	0	0	0	0	0	0	0
Gains or losses on available for sale investments	15,732	19,397	-9,930	-9,818	0	0	5,802	9,579	4,604	-209	76,831	71,029
Gains or losses on hedging instruments	0	0	0	0	0	0	0	0	0	0	0	0
Gains or losses on hedging instruments of net investment in foreign operations	0	0	0	0	0	0	0	0	0	0	0	0
Changes in the equity of investees	0	0	0	0	0	0	0	0	0	0	0	0
Gains or losses on non-current assets or assets of a disposal group classified as held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Other items	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER COMPREHENSIVE INCOME	**15,822**	**19,338**	**-9,930**	**-9,818**	**0**	**0**	**5,892**	**9,520**	**4,578**	**-235**	**76,844**	**70,952**

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2021

Breakdown of financial assets

(€/000)

	Held to maturity investments		Loans and receivables		Financial assets available for sale		Financial assets at fair value through profit or loss				Total carrying amount	
							Financial assets held for trading		Financial assets at fair value through profit or loss			
	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20
Equity and derivative instruments measured at cost	0	0	0	0	20,043	18,533	0	0	0	0	20,043	18,533
Equity instruments at fair value	0	0	0	0	107,441	73,703	0	0	2,815	2,689	110,256	76,392
of which listed	0	0	0	0	39,745	9,239	0	0	2,814	2,689	42,559	11,928
Debt securities	0	11,565	0	0	2,678,495	2,583,629	3	8	1,700	140	2,680,198	2,595,342
of which listed	0	11,454	0	0	2,677,793	2,582,926	4	9	1,700	140	2,679,497	2,594,529
OEIC units	0	0	0	0	875,207	743,474	0	0	182,263	107,471	1,057,470	850,945
Loans and receivables from bank customers	0	0	0	0	0	0	0	0	0	0	0	0
Interbank loans and receivables	0	0	0	0	0	0	0	0	0	0	0	0
Deposits with ceding companies	0	0	0	0	0	0	0	0	0	0	0	0
Financial asset portion of insurance contracts	0	0	0	0	0	0	0	0	0	0	0	0
Other loans and receivables	0	0	76,357	83,464	0	0	0	0	0	0	76,357	83,464
Non-hedging derivatives	0	0	0	0	0	0	629	0	0	0	629	0
Hedging derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Other financial assets	0	0	150,863	188,762	0	0	0	0	11,861	4,314	162,724	193,076
Total	**0**	**11,565**	**227,220**	**272,226**	**3,681,186**	**3,419,339**	**632**	**8**	**198,639**	**114,614**	**4,107,677**	**3,817,752**

Financial and investment gains and losses/costs

(€/000)

		Interest	Other net income	Other costs	Realised gains	Realised losses	Net realised gains and losses	Valuation gains		Valuation losses		Net unrealised gains and losses	Net gains and costs/losses 31/12/2021	Net gains and costs/losses 31/12/2020
								Valuation capital gains	Write-backs	Valuation capital losses	Write-downs			
Investments		**37,841**	**47,723**	**9,391**	**22,857**	**6,461**	**92,569**	**18,168**	**0**	**9,186**	**4,726**	**4,256**	**96,825**	**65,118**
a	Investment property	0	20,350	6,420	14,077	0	28,007	0	0	7,895	0	-7,895	20,112	-4,015
b	Investments in subsidiaries and associates and interests in joint ventures	0	-393	0	40	0	-353	0	0	0	3,601	-3,601	-3,954	-502
c	Held to maturity investments	270	0	0	0	0	270	0	0	0	0	0	270	473
d	Loans and receivables	252	0	0	0	0	252	0	0	0	0	0	252	294
e	Financial assets available for sale	37,253	27,065	0	7,459	6,205	65,572	0	0	0	1,125	-1,125	64,447	67,874
f	Financial assets held for trading	0	0	0	0	0	0	629	0	5	0	624	624	0
g	Financial assets at fair value through profit or loss	66	701	2,971	1,281	256	-1,179	17,539	0	1,286	0	16,253	15,074	994
Other receivables		**537**	**0**	**0**	**0**	**0**	**537**	**0**	**0**	**0**	**0**	**0**	**537**	**183**
Cash and cash equivalents		**15**	**0**	**0**	**0**	**0**	**15**	**0**	**0**	**0**	**0**	**0**	**15**	**54**
Financial liabilities		**-18,020**	**0**	**0**	**0**	**0**	**-18,020**	**4,848**	**0**	**15,220**	**0**	**-10,372**	**-28,392**	**-21,342**
a	Financial liabilities held for trading	0	0	0	0	0	0	0	0	0	0	0	0	0
b	Financial liabilities at fair value through profit or loss	0	0	0	0	0	0	4,848	0	15,074	0	-10,226	-10,226	-3,857
c	Other financial liabilities	-18,020	0	0	0	0	-18,020	0	0	146	0	-146	-18,166	-17,485
Payables		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total		**20,373**	**47,723**	**9,391**	**22,857**	**6,461**	**75,101**	**23,016**	**0**	**24,406**	**4,726**	**-6,116**	**68,985**	**44,013**

Breakdown of technical reserves

(€/000)

	Direct business		Indirect business		Total carrying amount	
	31/12/21	**31/12/20**	**31/12/21**	**31/12/20**	**31/12/21**	**31/12/20**
Non-life reserves	**1,748,418**	**1,671,376**	**812**	**838**	**1,749,230**	**1,672,214**
Premium reserve	436,482	420,823	33	32	436,515	420,855
Claims reserve	1,311,527	1,250,144	779	806	1,312,306	1,250,950
Other reserves	409	409	0	0	409	409
of which posted following liability adequacy testing	0	0	0	0	0	0
Life reserves	**1,759,850**	**1,619,752**	**0**	**0**	**1,759,850**	**1,619,752**
Reserve for payable amounts	14,810	21,052	0	0	14,810	21,052
Mathematical reserves	1,683,300	1,509,107	0	0	1,683,300	1,509,107
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund managment	0	0	0	0	0	0
Other reserves	61,740	89,593	0	0	61,740	89,593
of which posted following liability adequacy testing	0	0	0	0	0	0
of which deferred liabilities to policyholders	54,917	83,011	0	0	54,917	83,011
Total technical reserves	**3,508,268**	**3,291,128**	**812**	**838**	**3,509,080**	**3,291,966**

Breakdown of reinsurers' share of technical reserves

(€/000)

	Direct business		Indirect business		Total carrying amount	
	31/12/21	**31/12/20**	**31/12/21**	**31/12/20**	**31/12/21**	**31/12/20**
Non-life reserves	**65,364**	**63,353**	**328**	**303**	**65,692**	**63,656**
Premium reserve	13,137	12,151	0	0	13,137	12,151
Claims reserve	52,227	51,202	328	303	52,555	51,505
Other reserves	0	0	0	0	0	0
Life reserves	**4,125**	**3,558**	**0**	**0**	**4,125**	**3,558**
Reserves for payable amounts	13	13	0	0	13	13
Mathematical reserves	4,057	3,496	0	0	4,057	3,496
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	0	0	0	0	0	0
Other reserves	55	49	0	0	55	49
Total reinsurers' share of technical reserves	**69,489**	**66,911**	**328**	**303**	**69,817**	**67,214**

Breakdown of financial liabilities

(€/000)

	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total carrying amount	
	Financial liabilities held for trading		Financial liabilities at fair value through profit or loss					
	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20
Participating non-equity instruments	0	0	0	0	0	0	0	0
Subordinated liabilities	0	0	0	0	253,576	253,179	253,576	253,179
Liabilities from financial contracts issued by insurers arising from:	0	0	196,209	114,614	0	0	196,209	114,614
Contracts where policyholders bear investment risk	0	0	166,662	87,500	0	0	166,662	87,500
Pension-fund management	0	0	29,547	27,114	0	0	29,547	27,114
Other contracts	0	0	0	0	0	0	0	0
Deposits received from reinsurers	0	0	0	0	6,873	6,389	6,873	6,389
Negative financial components of insurance contracts	0	0	0	0	0	0	0	0
Debt securities on issue	0	0	0	0	0	0	0	0
Bank customer deposits	0	0	0	0	0	0	0	0
Interbank liabilities	0	0	0	0	0	0	0	0
Other loans received	0	0	0	0	112,500	108,959	112,500	108,959
Non-hedging derivatives	0	0	0	0	0	0	0	0
Hedging derivatives	0	0	0	2,863	0	0	0	2,863
Other financial liabilities	0	0	0	0	164,621	202,048	164,621	202,048
Total	0	0	196,209	117,477	537,570	570,575	733,779	688,052

Assets and liabilities measured at fair value on a recurring basis: breakdown by level of fair value

(€/000)

		Level 1		Level 2		Level 3		Total	
		31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20
Assets and liabilities measured at fair value on a recurring basis									
Financial assets Available for sale		3,586,915	3,333,689	16,081	12,143	78,190	73,507	3,681,186	3,419,339
Financial assets at fair value through profit or loss	Financial assets held for trading	632	8	-	-	-	-	632	8
	Financial assets at fair value through profit or loss	196,210	114,614	2,429	-	-	-	198,639	114,614
Investment Property		-	-	-	-	-	-	-	-
Tangible assets		-	-	-	-	-	-	-	-
Intangible assets		-	-	-	-	-	-	-	-
Total assets measured at fair value on a recurring basis		**3,783,757**	**3,448,311**	**18,510**	**12,143**	**78,190**	**73,507**	**3,880,457**	**3,533,961**
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading	-	-	-	-	-	-	-	-
	Financial liabilities at fair value through profit or loss	195,526	113,796	683	3,681	-	-	196,209	117,477
Total liabilities measured at fair value on a recurring basis		**195,526**	**113,796**	**683**	**3,681**	**-**	**-**	**196,209**	**117,477**
Assets and liabilities measured at fair value on a non recurring basis									
Non-current assets or assets of a disposal group classified as held for sale		-	-	-	-	-	-	-	-
Liabilities of a disposal group classified as held for sale		-	-	-	-	-	-	-	-

Detail of changes in financial assets and liabilities allocated to Level 3 measured at fair value on a recurring basis

(€/000)

	Financial assets			Financial liabilities at fair value through profit or loss	
		Financial assets at fair value through profit or loss			
	Financial assets Available for sale	Financial assets held for trading	Financial assets at fair value through profit or loss	Financial liabilities held for trading	Financial liabilities at fair value through profit or loss
Opening balance	**73,507**				
Purchases/ Issues	2,699				
Sales/Repurchases	0				
Redemptions	0				
Gains or losses charged to profit and loss	-21				
- of which unrealised gains/losses	0				
Gains or losses charged to other comprehensive income	-1,125				
Moves to Level 3	0				
Moves to other Levels	0				
Other changes	3,130				
Closing balance	**78,190**				

Detail of insurance technical items

(€/000)

		31/12/2021			31/12/2020		
		Gross amount	**Reinsurer's share of amount**	**Net amount**	**Gross amount**	**Reinsurers' share of amount**	**Net amount**
Non-life business							
NET PREMIUMS		**1,247,884**	**50,645**	**1,197,239**	**1,213,796**	**36,011**	**1,177,785**
a	Written Premiums	1,263,544	51,631	1,211,913	1,221,405	36,330	1,185,075
b	Change in premiums reserve	15,660	986	14,674	7,609	319	7,290
NET CLAIMS COSTS		**764,311**	**39,122**	**725,189**	**704,889**	**23,023**	**681,866**
a	Paid Amounts	722,016	36,616	685,400	707,864	33,397	674,467
b	Change in claims reserves	61,328	2,544	58,784	8,118	-9,858	17,976
c	Change in recoveries	19,033	38	18,995	11,093	516	10,577
d	Change in other technical reserves	-	-	-	-	-	-
Life business							
NET PREMIUMS		**253,072**	**1,829**	**251,243**	**194,093**	**1,590**	**192,503**
NET CLAIMS COSTS		**278,529**	**609**	**277,920**	**208,527**	**-474**	**209,001**
a	Paid Amounts	107,407	41	107,366	112,569	692	111,877
b	Change in reserve for amounts to be paid	-6,241	-	-6,241	1,701	- 1,692	3,393
c	Change in mathematical reserves	177,123	562	176,561	93,923	520	93,403
d	Change in technical reserves when investment risk is borne by policyholders and in reserves arising from pension fund management	-	-	-	-	-	-
e	Change in other technical reserves	240	6	234	334	6	328

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2021

Breakdown of insurance operating costs

(€/000)

		Non-life business		Life business	
		31/12/21	**30/12/20**	**31/12/21**	**30/12/20**
Gross commissions and other acquisition costs		**271,409**	**256,517**	**12,367**	**10,210**
a	Acquisition commissions	210,261	191,112	8,878	6,181
b	Other acquisition costs	54,938	54,204	4,141	3,769
c	Change in deferred acquisition costs	0	0	-1,340	-376
d	Premium collection commissions	6,210	11,201	688	636
Profit participation and other commissions received from reinsurers		**-6,049**	**-5,031**	**-366**	**-319**
Investment management costs		**1,843**	**1,789**	**67**	**67**
Other administrative costs		**47,116**	**49,634**	**4,506**	**5,392**
Total		**314,319**	**302,909**	**16,574**	**15,350**

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2021

Breakdown of property, plant and equipment and intangible assets

(€/000)

	At cost	Deemed cost or fair value	Total carrying amount
Investment property	315,202	-	**315,202**
Other property	371,353	-	**371,353**
Other items of property, plant and equipment	8,409	-	**8,409**
Other intangible assets	13,427	-	**13,427**

Detail of assets and liabilities relating to insurance contracts with risk borne by policyholders or relating to pension-fund management

(€/000)

	Unit- and index-linked benefits		Benefits relating to pension-fund management		Total	
	31/12/21	31/12/20	31/12/21	31/12/20	31/12/21	31/12/20
On-balance sheet assets	166,662	87,500	31,977	27,114	198,639	114,614
Infragroup assets *	0	0	0	0	0	0
Total assets	**166,662**	**87,500**	**31,977**	**27,114**	**198,639**	**114,614**
On-balance sheet liabilities	166,662	87,499	31,977	27,115	198,639	114,614
On-balance sheet technical reserves	0	0	0	0	0	0
Infragroup liabilities*	0	0	0	0	0	0
Total Liabilities	**166,662**	**87,499**	**31,977**	**27,115**	**198,639**	**114,614**

* Assets and liabilities eliminated in consolidation process

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2021
Detail of reclassified financial assets and impacts on profit and loss and on other comprehensive income

(€/000)

Reclassified Financial assets categories		Activity class	Amount of Financial assets reclassified during the year at the reclassification date	Carrying amount at 31/12/2021 of reclassified assets		Fair Value at 31/12/2021 of reclassified assets		Reclassified Assets during 2021		Reclassified Assets up to 31/12/2021		Reclassified Assets during 2021		Reclassified Assets up to 31/12/2021	
from	to			Reclassified Assets during 2021	Reclassified Assets up to 31/12/2021	Reclassified Assets during 2021	Reclassified Assets up to 31/12/2021	Gains or losses charged to profit and loss	Gains or losses charged to other comprehensive income	Gains or losses charged to profit and loss	Gains or losses charged to other comprehensive income	Gains or losses that would have been charged to profit and loss in absence of the reclassification	Gains or losses that would have been charged to other comprehensive income in absence of the reclassification	Gains or losses that would have been charged to profit and loss in absence of the reclassification	Gains or losses that would have been charged to other comprehensive income in absence of the reclassification
Total			0	0	0	0	0	0	0	0	0	0	0	0	0

Assets and liabilities not measured at fair value: breakdown by level of fair value

(€/000)

	Valore di bilancio		*Fair value*							
			Livello 1		Livello 2		Livello 3		Totale	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Assets										
Held to maturity investments	-	11,565	-	11,455	-	-	-	110	-	11,565
Loans and receivables	227,220	272,226	-	-	-	-	227,220	272,226	227,220	272,226
Investments in subsidiaries and associates and interests in joint ventures	20,926	37,941	-	-	-	-	20,926	37,941	20,926	37,941
Investment property	315,202	347,413	-	-	-	-	353,336	386,016	353,336	386,016
Tangible assets	371,353	315,988	-	-	-	-	423,696	367,432	423,696	367,432
Total assets	934,701	985,133	-	11,455	-	-	1,025,178	1,063,725	1,025,178	1,075,180
Liabilities										
Other financial liabilities	537,570	570,575	266,043	267,984	-	-	283,994	313,761	550,037	581,746

Consolitation scope: interests in subsidiaries with significant minority interests

(€/000)

					Main financial-economic datas							
Name	% minority interests	% of voting rights in ordinary meetings by minority interests	Consolidated profit (loss) attributable to minority interests	Equity attributable to minority interests	Total assets	Investments	Technical provisions	Financial liabilities	Equity	Profit (loss) for the year	Dividends paid out to minority interests	Gross written premium
Pegasus Fund	49.02	49.02	1,796	46,450	199,984	191,981	-	101,262	94,758	3,665	-	-

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2021
Interests in unconsolidated structured entities

(€/000)

Structured entity name	Revenues from structured entity during the year	Book value (at the date of the trasfer) of assets trasferred to the structured entity during the year	Book value of assets recognised in own financial statement and related to the structured entity	Balance sheet asset item	Book value of liabilities recognised in own financial statement and related to the structured entity	Balance sheet liabilities item	Maximum loss risk exposure

Note: this table is also requested for the porpuses of financial statement reporting IAS/IFRS (note 2) and half-yearly reporting (note 4) when IFRS 12.6 conditions are met.

Independent Auditors's Report

(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010, article 10 of Regulation (EU) no. 537 of 16 April 2014 and article 102 of Legislative decree no. 209 of 7 September 2005

To the shareholders of
Vittoria Assicurazioni S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Vittoria Assicurazioni Group (the "group"), which comprise the statement of financial position as at 31 December 2021, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as at 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 90 of Legislative decree no. 209 of 7 September 2005.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Vittoria Assicurazioni S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of property

"Accounting policies principles" – "Balance sheet - Assets", paragraphs "2.1 Property" and "4.1 Real estate investments"

"Specific explanatory notes" – note 2, "Property" section, and note 4

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2021 include property and investment property of €371.4 million and €315.2 million, respectively. Property and investment property account for 12.7% of total assets. As disclosed in the "Accounting policies principles" section of the notes to the consolidated financial statements, the property included in the "Property, plant and equipment" and "Investment property" captions is recognised at cost and tested for impairment. The directors also explained that the property included in the "Property, plant and equipment - property held for trading" caption is measured at the lower of cost and net realisable value. In order to determine the property's fair value and identify any impairment losses, the directors engaged an independent expert. They also consider the independent expert's appraisals when measuring the group's property companies and in identifying any impairment losses. The independent expert's main assumptions and parameters relate to financial variables, e.g., the discount rate used, and non-financial variables, mainly linked to the estimated lease payments and the expected property sales' timing and cash flow forecasts. As explained in the "Accounting	Our audit procedures included: — understanding the process adopted to measure land and buildings and investment property and investments in group and other companies and to identify any related indicators of impairment; — understanding the valuation models and underlying assumptions and parameters used by the independent expert to determine the fair value of property, also taking into account the current macroeconomic scenario caused by the Covid-19 public health emergency. — performing a critical analysis of the independent expert's appraisals of selected items of property, including by comparing them with the most recent market inputs and available historical figures. We carried out these procedures with the assistance of experts of the KPMG network; — checking the property companies' financial statements to ensure there were no indicators of impairment; — performing tests of details to check the accuracy of the carrying amounts and the recognition of any impairment losses;

Key audit matter	Audit procedures addressing the key audit matter
policies" section of the notes to the consolidated financial statements, in 2021, the directors have estimated the property's fair value taking into account the unprecedented macroeconomic scenario caused by the Covid-19 public health emergency. Moreover, they considered any available offers received from market operators. Considering the subjectivity of the estimates inherent in the valuation models used to measure the fair value of property, the uncertainty of the underlying assumptions and parameters, the current macroeconomic scenario caused by the pandemic emergency and the materiality of the carrying amount of property and investments in property companies, we believe that the measurement of property is a key audit matter.	— discussing any sales negotiations underway with the parent's management; — assessing the appropriateness of the disclosures about investments in group companies.

Measurement of financial instruments

"Accounting policies principles" – "Balance sheet - Assets", section "4 Investments", paragraphs "4.2 Investments in subsidiaries, associates and joint ventures", "4.3 Held-to-maturity investments", "4.4 Loans and receivables", 4.5 "Financial assets available for sale" and "4.6 Financial assets at fair value through profit or loss"

"Specific explanatory notes" – notes 5 and 6

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2021 include financial instruments of €4,128.6 million, accounting for about 76% of total assets. Available-for-sale financial assets make up 89% of financial instruments (bonds and other fixed-income securities of €2,679 million, units of funds and alternative investment funds of €875 million and equity	Our audit procedures included: — understanding the process for the measurement of financial instruments and the related IT environment and assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls;

Key audit matter	Audit procedures addressing the key audit matter
investments of €127 million), whereas loans and receivables, financial assets at fair value through profit or loss and equity investments account for 5.5%, 4.8% and 0.5%, respectively. Measuring financial instruments, particularly those unquoted on active markets or poorly liquid (classified at fair value levels 2 and 3), requires estimates, including by using specific valuation methods, which may present a high level of judgement and are, by their very nature, uncertain and subjective. For the above reasons, we believe that the measurement of financial instruments is a key audit matter.	— analysing the significant changes in financial instruments and in the related income statement items compared to the previous years' figures and discussing the results with the relevant internal departments; — checking the measurement of the quoted financial instruments in portfolio at 31 December 2021; — checking, on a sample basis, the measurement of unquoted financial instruments (especially those in alternative investment funds), by analysing the valuation models and the reasonableness of input data and parameters used; — assessing the appropriateness of the disclosures about financial instruments.

Measurement of technical provisions

"Accounting policies principles" - "Balance sheet - Liabilities" section "3 Technical reserves"

"Specific explanatory notes" – Note 17

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2021 include technical provisions of €3,509.1 million, accounting for about 64.8% of total liabilities. The group measures this caption using actuarial valuation techniques which entail, in certain instances, a high level of complex and subjective judgement relating to past and future internal and external variables with respect to which any changes in the underlying assumptions may have a significant impact on the measurements of these liabilities. For the above reasons, we believe that the measurement of technical provisions is a key audit matter.	Our audit procedures included: — understanding the process for the measurement of technical provisions and the related IT environment and assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls; — analysing the significant changes in technical provisions compared to the previous years' figures and discussing the results with the relevant internal departments; — checking, on a sample basis, the valuation models adopted and the reasonableness of the input data and parameters used; we carried out these procedures with the assistance of actuarial experts of the KPMG network; — checking the appropriateness of the methods used to calculate the shadow accounting liability included in the

Key audit matter	Audit procedures addressing the key audit matter
	technical provisions and to check the adequacy of the technical provisions using the liability adequacy test (LAT). We carried out these procedures with the assistance of experts of the KPMG network; — checking the compliance of the calculation of the overall technical provisions with the applicable laws and regulations and correct actuarial techniques. We carried out this procedure with the assistance of experts of the KPMG network; — assessing the appropriateness of the disclosures about technical provisions.

Other matters - Comparative figures

The group's 2020 consolidated financial statements were audited by other auditors, who expressed their unqualified opinion thereon on 2 April 2021.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulation implementing article 90 of Legislative decree no. 209 of 7 September 2005 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent 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 group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 Italia 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 consolidated financial statements.

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

- identify and assess the risks of material misstatement of the consolidated financial statements, 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 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 group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- 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 group'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 in the consolidated financial statements 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 group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, 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.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537 of 16 April 2014

On 29 April 2020, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2021 to 31 December 2029.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537 of 16 April 2014 and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2021 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2021 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2021 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of Vittoria Assicurazioni S.p.A. are responsible for the preparation of a non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Milan, 6 April 2022

KPMG S.p.A.

(signed on the original)

Maurizio Guzzi
Director of Audit