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.

101st year of business

Consolidated financial report as at 31 December 2022

Board of Directors' meeting of 22 February 2023

(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
Josef Karl MAREK	Independent Director
Giorgio MARSIAJ	Independent Director
Maria Antonella MASSARI	Independent Director
Urs MINDER	Independent Director
Lodovico PASSERIN D'ENTRÈVES*	Independent Director
Luca PAVERI FONTANA	Non-executive Director
Giuseppe SPADAFORA	Non-executive Director
David MONTI	Secretary

*Appointment effective 04/28/2022 assumed effective 06/10/2022

Board of Statutory Auditors

Giuseppe CERATI	Chairman
Giovanni MARITANO	Standing statutory auditor
Francesca SANGIANI	Standing statutory auditor
Luca LAURINI	Substitute statutory auditor
Silvia MOLINO	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
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

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).

This document incorporates the recommendations published by the Bank of Italy, CONSOB and IVASS in the press release of 27 October 2022, which, in order to comply with the requirements of IAS 8, paragraphs 30 and 31, refer to the provisions of the ESMA Public Statement of 13 May 2022 (Transparency on implementation of IFRS 17 Insurance Contracts) and, for IFRS 9, also from the ESMA Public Statement of 10 November 2016 (Issues for consideration in implementing IFRS 9: Financial Instruments). IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", paragraph 30 requires an enterprise to provide information when it is implementing a new accounting standard issued but not yet in effect. To this end, paragraph 30(b) requires the enterprise to provide "known or reasonably reputable information relevant to assess the likely impact that the application of the new Standard or Interpretation will have on the entity's financial statements in the initial period of application". The information is both qualitative and quantitative.

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 (IMF), global growth will be down from an estimated 3.4% in 2022 to 2.9% in 2023, and then up to 3.1% in 2024. The forecast for 2023 is 0.2 percentage points higher than October 2022 but below the historical average (2000-19) of 3.8%. Global inflation is expected to fall from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024, still above pre-pandemic levels (2017-19) by around 3.5%.

The forecast of low growth in 2023 reflects the increase in central bank rates to fight inflation especially in advanced economies, as well as the impacts resulting from the war in Ukraine. The decline in growth is driven by advanced economies; in emerging markets and developing economies, growth is estimated to have bottomed out in 2022. The rapid spread of COVID-19 in China has dampened growth in 2022, which is expected to resume with full reopening in 2023. The expected recovery in 2024 in both groups of economies is likely to be gradual and will result from the recovery from the effects of the war in Ukraine and falling inflation. World trade growth is expected to decline to 2.4% in 2023, despite an improvement in supplies, before rising to 3.4% in 2024. In 2023, oil prices are expected to fall by about 16%, while commodity prices are expected to decrease, on average, by 6.3%. Global interest rates are expected to rise, reflecting the actual intense tightening by major central banks since October 2022. For advanced economies, growth is expected to decline sharply from 2.7% in 2022 to 1.2% in 2023 and then rise to 1.4% in 2024, with a downward revision of 0.2 percentage points for 2024. Around 90% of advanced economies are expected to decline in growth in 2023.

In the **US**, growth is expected to decline from 2.0% in 2022 to 1.4% in 2023 and 1.0% in 2024. With growth picking up in the second half of the year, growth in 2024 will be faster than in 2023 in most advanced economies. The IMF recently revised annual growth up by 0.4 percentage points in 2023, reflecting carry-over effects of domestic demand resilience in 2022, but at the same time revised down growth by 0.2 percentage points in 2024 due to predictable Federal Reserve rate hikes.

Growth in the **euro area** is expected to bottom out at 0.7% in 2023, before rising to 1.6% in 2024. The upward revision of the forecast for 2023 by 0.2 percentage points compared to October 2022 reflects the effect of faster rate hikes by the ECB and the erosion of real incomes, offset by better-than-expected economic performance in 2022 (which is expected to continue in the first quarter), lower wholesale energy prices and further announcements of fiscal support for purchasing power in the form of energy price controls.

UK growth is expected to be -0.6% in 2023 (-0.9 percentage points compared to October 2022 forecast) amid tighter fiscal and monetary policies and still high retail energy prices weighing on household budgets.

According to the IMF, growth in **Japan** will rise to 1.8% in 2023 thanks to continued government support. High corporate profits could result from a depreciated currency (Yen) and catching up on accumulated delays in implementing growth plans could support business investment. In 2024, growth is expected to decline to 0.9% as the effects of the stimulus absorb.

For **emerging markets** and developing economies, growth is expected to increase modestly, from 3.9% in 2022 to 4.0% in 2023 and 4.2% in 2024, with an upward revision of 0.3 percentage points for 2023 and a downward revision of 0.1 percentage points for 2024. About half of emerging markets and developing economies will have lower growth in 2023 than in 2022.

According to forecasts by the National Institute of Statistics (ISTAT), **Italian GDP** is expected to grow at a still sustained pace in 2022 (+3.9%) and then slow down significantly in 2023 (+0.4%). Over the two-year forecast period, GDP growth would be supported by the contribution of domestic demand net of inventories (respectively +4.2 and +0.5 percentage points) while net foreign demand would provide a negative contribution in both years (-0.5 and -0.1 percentage points). In 2022, inventories are expected to make a marginal +0.2 p.p. followed by a zero in 2023. The consumption of domestic households and ISPs will register an evolution in line with the trend of economic activity, marking a sharp increase in 2022 (+3.7%) followed by a slowdown in the following year (+0.4%). Investments are expected to be the driving force of the Italian economy both in the current year (+10.0%) and, to a lesser extent, in 2023 (+2.0%). The forecast scenario is characterised by particularly favourable assumptions on the path of price reduction in the coming months and on the full implementation of the public investment plan scheduled for next year.

As for the scenario for the **Eurozone**, inflation is certainly the factor that most influences forecasts. It is expected to decline only gradually, remaining above the target in 2024, fuelled by high energy prices and tight labour markets. Risks of further deterioration of the framework remain high as cold winters and further power supply disruptions would hit growth while pushing inflation higher. High uncertainty, falling real incomes and increasingly widespread inflationary pressures require careful and coordinated policy action. Monetary policy will act decisively to lower inflation, using all margins of flexibility in reinvesting the proceeds of maturing bonds in the ECB's balance sheet to limit financial fragmentation.

Production indices have been declining for several months. Consumer confidence and, to a lesser extent, euro area business confidence has deteriorated sharply. Meanwhile, inflation remains at high levels (9.2% last record) and well above the ECB's target. The fall in real incomes was partly mitigated by fiscal measures to compensate households for the effect of rising energy prices. Although negotiated wage growth has so far remained subdued, wage demands are increasing in some countries, including Belgium and Germany. Unemployment continued to fall; in September 2022, the euro area seasonally adjusted unemployment rate was at an all-time low of 6.6%.

The ECB has initiated monetary policy tightening, but further increases in policy rates are needed to ensure that forward-looking measures of real interest rates turn positive, the decoupling of inflation expectations is reversed, and inflationary pressures are permanently reduced. The main refinancing rate is expected to rise to 3% in the second quarter of 2023 and remain unchanged for the remainder of the projection period.
After the latest increase of 50 bps, the ECB expects to raise interest rates further at forthcoming meetings to curb demand and shield against the risk of a persistent increase in inflation expectations.

After a somehow optimistic November 2022 on the trend of inflation and the consequent expectations for a stabilization of interest rates, the European government curve showed a significant rise in yields of more than 70 bps both on the short and long part of the curve. The corresponding values at the end of the year were 2.71% (2 years) and 2.55% (10 years). The US curve, that is even more inverted than the European one, closes 2022 with 2-year rates at 4.42% and 10-year rates at 3.88%. Spreads are widening in the Eurozone (Italy at 211 basis points) after the low reached in November (180 bps). The increase of Investment Grade corporate bonds is less pronounced, their yields have risen by around 50 bps from 2-year maturities onwards.

As far as the stock market is concerned, after the recovery in October that continued for some indices also in November, since mid-December there has been a decline in the main world indices that therefore close the year with losses (in local currency) that are, on average, higher than 10% for Japan and Europe and about 20 p.p. for the USA and China. The NASDAQ has lost 33% in local currency.

The decline in markets in 2022 came in spite of rising earnings and is entirely explained by the compression of multiples (PE, price-to-earnings ratio), in turn driven by higher bond rates.

As for the currency markets, in December there was a strong recovery of the euro against the dollar, which reached 1.0682 following the increase in rates in Europe and the decrease in the inflation rate. However, the year was marked by a progressive strengthening of the dollar that reached the peak since 2003 due to the interest rate hikes initiated by the Fed. Since the beginning of 2022, the euro has lost 6.4% against the dollar, going from 1.14 to 1.06.

The price of oil slightly recovering from the lows of mid-December of 85.91 dollars and 80.26 dollars, respectively for Brent and WTI, is substantially back to the values of early 2022.

Gold, on the other hand, recorded a strong increase from the beginning of November until the end of the year, reaching 1824.02 dollars per ounce. This movement is explained by the market in the return to purchases by central banks followed by that one of institutional investors.

With regard to the Italian insurance market, it should be noted that the premiums (based on Italian accounting principles) as at 30 September 2022 (Ania Trends statistics) show a decrease in Life insurance business of 11.0% compared to the same period of the previous year and an increase in Non-Life insurance business of 4.8% (a decrease of 2.8% in third-party motor vehicle insurance).
The comparison with Vittoria Assicurazioni data is as follows:

	Change	
Line of business	Market 30/09/22 - 30/09/21	Vittoria Assicurazioni 31/12/22 - 31/12/21
Life business (*)	-11.0%	+8.3%
Non-Life business	+4.8%	+4.9%
Of which: Motor TPL	-2.8%	-0.4%

(*) 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

Investments in the Italian Real Estate market in 2022 amounted to 11.7 billion euro (10.4 billion euro in 2021). In detail, there was significant growth in the first nine months of the year, which recorded 9.1 billion euro in investments (+60% compared to the third quarter of 2021) and a slowdown in the fourth quarter of 2022 (-51% compared to the fourth quarter of 2021) caused by the first upward revisions in ECB interest rates that caused an increase in the cost of capital and a reduced willingness of banks to finance new operations.
In the first months of 2023, real estate investor confidence improved following the first signs of a slowdown in inflation in Europe.

In particular, CBRE's Italy Real Estate Market Outlook reveals that 2022 showed a recovery in interest in Offices with 4.7 billion euro of investments in 2022 (+114% compared to 2021) in particular for properties located in the central areas of Milan and Rome with high performance ESG.
Prime rents at the end of 2022 showed an increase to € 690 / sqm / year in Milan, about € 520 / sqm / year in Rome central areas and € 350 / sqm / year in the Rome EUR district.
For 2023, interest from investors is expected to be confirmed, driven by high demand from tenants who are increasingly sensitive to ESG issues, which contrasts with a limited availability of quality space, offering good opportunities for rent growth.

The Residential market in the last months of 2022 was less buoyant than in the first part of the year, thanks to inflation, the increase in energy costs and the increase in mortgage rates that triggered a reduction in purchase intentions by Italian families, a trend that is expected to continue also for the first half of 2023.
According to research published by ISTAT, housing prices in Italy in the first three quarters of 2022, compared to the same period of 2021, increase on average by 4.2%, +6.6% for new homes and +3.7% for existing homes. These trends are recorded in a context of slowdown in the growth of sales volumes (+1.7% the trend variation recorded in the third quarter of 2022 by the Real Estate Market Observatory of the Revenue Agency for the residential sector against +21.9% in the corresponding period of the previous year). The housing rental market performed differently. Here a share of housing demand is transferred with consequent increase in rents, with an eye to the phenomenon of short-term rentals that subtract housing from long-term rentals, that are less profitable.

Investors' interest in the logistics market was also confirmed in 2022, with an unchanged investment volume compared to 2021 and equal to 2.7 billion euro and an increase in rents that reached € 62 /sqm/ year on average in the fourth quarter of 2022.

Strategic objectives

Vittoria Assicurazioni Group 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 on time and in the correct manner, obtaining an adequate profit margin.
This objective is supported by the achievement of technical profitability, a policy focused on the consolidation of the acquired portfolio, the retention of existing customers, but also by the increase of market share in the Non-Life Classes and by the acquisition of new business in the Life Class.
In carrying out its activities, the Company pays attention to managing its risk profile mainly through:

- accurate pricing of risk, achieved through segmentation of the portfolio into customer clusters, geographical area membership of 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 streamlined decision-making;
- a stable and technically prepared management that guarantees guidelines consistent over time in terms of both underwriting and settlement;
- a low-risk investment policy (mainly supporting the technical business) driven by the profile of insurance liabilities, without neglecting the search for adequate returns through portfolio diversification, also achieved by focusing real estate investments in the corporate sector, on quality properties and in economically profitable areas;
- the protection of the Company's financial solidity and a balanced trade-off between profitability and solvency requirements in long-term perspective;
- a structured and effective governance.

Summary of key performance indicators of the Group

€/million

SPECIFIC SEGMENT RESULTS

	31/12/2022	31/12/2021	Δ
Non Life business			
Gross Premiums written - direct Non Life business	1,325.0	1,263.4	4.88%
Non Life business pre-tax result	95.3	134.0	(28.9)%
(1) Loss Ratio - retained	69.2%	60.6%	8.6
(2) Combined Ratio - retained	96.3%	87.5%	8.8
(3) Expense Ratio - retained	27.1%	26.9%	0.2
Life business			
Gross Premiums written - direct Life business	271.7	253.1	7.3%
Life business pre-tax result	17.6	20.6	(14.6)%
(4) Annual Premium Equivalent (APE)	54.0	45.0	20.0%
Segregated funds portfolios	1,788.6	1,655.0	8.1%
Index/Unit - linked and Pension funds portfolios	237.2	196.2	20.9%
Segregated fund performance: Vittoria Previdenza	2.89%	3.02%	(0.13)
Segregated fund performance: Vittoria Obiettivo Rendimento	3.00%	3.15%	(0.15)
Segregated fund performance: Rendimento Mensile	2.90%	3.58%	(0.68)
Segregated fund performance: Obiettivo Crescita	2.81%	3.07%	(0.26)
Segregated fund performance: Valore Crescente	4.75%	4.08%	0.67
Total Agencies	490	480	10
Real Estate business			
Sales	39.6	5.6	n.s.
Net revenue	6.7	5.0	34.0%
Gains on disposal of investment property	0.0	14.1	n.s
Operating result	6.7	19.0	n.s
Net contribution	(3.0)	5.2	n.s
Real estate segment result before tax	(0.9)	(4.1)	n.s

CONSOLIDATED RESULTS

	31/12/2022	31/12/2021	Δ
Total investments	4,726.1	4,832.5	(2.2)%
Net gains on investments	86.2	74.1	16.3%
Pre-tax result	104.1	149.8	(30.5)%
Consolidated profit (loss)	76.6	103.1	(25.7)%
Consolidated ROE	9.5%	14%	(4.38)
Group profit (loss)	74.8	101.3	(26.2)%
Equity attributable to the shareholders of the parent	645.3	842.7	(23.4)%
Equity attributable to the shareholders of the parent net of	810.3	765.8	5.8%
Average of employees	550	538	12

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 premiums written;
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 101st year closed with a Group net profit of 74,779 thousand euro, a decrease of 26.2% compared to FY2021 (101,313 thousand euro). This result should be seen in the context of an unusually negative economic environment, which has let to a surge in the inflation rate, resulting in a rapid and significant increase in interest rates by Central Banks.

The extraordinariness of this inflationary period has negatively affected the technical result of the Non-Life insurance segment by affecting, for FY2022, the average cost of claims of which, in addition, an increasing frequency is noted in the Motor Liability segment, following the resumption of circulation after the loosening of national "lockdowns" that occurred during the pandemic period. The gradual deterioration in the Non-Life lines of business is a result of the higher incidence of large claims and the greater periodicity of occurrence of natural events. In this context, the decrease in the average MTPL premium also negatively affected the underwriting result. As a result, the Company has taken steps to remedy the insufficiency of the average MTPL premium. In fact, a gradual campaign to increase these premiums is underway, which will fully unfold its effect over the next two years. Also with regard to the increase in weather-related claims, the contractual terms and conditions of the most affected lines of business will be progressively modified so as to mitigate the negative impact on the result. In addition, stricter criteria have been introduced for underwriting new contracts that provide for such guarantees.

The actions put in place lead us to expect, starting in 2023, a gradual return to the results recorded in past years, bringing the retained combined ratio currently at 96.3% (87.5% as of December 31, 2021), in line with previous years.

The Life Business showed a positive balance of 17,059 thousand euros as of December 31, 2022, an increase of 29.2% compared to December 31, 2021, due to an increase in technical margins compared to the previous year, both from risk products (non-revaluable) and multi-branch products.

Thanks to the commercial actions put in place aimed at consolidating and developing the existing portfolio, premium income recorded an overall increase of 5.3%, mainly due to the contribution recorded in the Elementary Businesses (+14.6%). Total premiums written as of December 31, 2022 amounted to 1,596,812 thousand euro (1,516,617 thousand euro as of December 31, 2021) with an increase in Non-Life Business of 4.9% and an increase in Life Business of 7.3%.

As of December 31, 2022, the real estate segment recorded a positive operating result of 6,714 thousand euros, compared to 19,027 thousand euros in the previous year, which benefited from a capital gain of 14,077 thousand euros from the sale to AC Milan of Building C of the Portello business park.
Taking non-operating items into account, the result was a loss of 3,017 thousand euros (profit of 5,151 thousand euros as of December 31, 2021).

The result of the Group's comprehensive income statement as at 31 December 2022 recorded a loss of 166,759 thousand euro (profit of 107,205 thousand euro as at 31 December 2021), due to the reduction in the value of financial assets available for sale. In relation to the nature, maturities and diversification of the bonds in the portfolio, the capital losses derive mainly from the trend in bond yields, which increased significantly in the latter part of 2022 and do not derive from an actual deterioration in the credit quality of issuers. In fact, during 2022 there were no permanent write-downs of their value. As at 31 December 2022, Group shareholders' equity amounted to 645,270 thousand euro, a decrease of 23.4% compared to the previous year, when it amounted to 842,671 thousand euro.

Overall investments recorded a 2.2% decrease compared with the situation as of 31 December 2021, reaching 4,726,067 thousand euro, with 237,222 thousand euro (+20.9% compared to the previous year) relating to investments with risk borne by the insured parties and 4,488,845 thousand euro (-3.2% compared to the previous year) relating to investments with risk borne by the Group.

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

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

	31/12/22	31/12/21	Δ
Non life business - Gross Result (excluding investments result)	68,259	131,322	-48.0%
Non life business - Gross Investments Result	28,122	(2,761)	n.s.
Life business - Gross Result	17,059	13,199	+29.2%
Gross Insurance business Result	113,440	141,760	-20.0%
Elimination from consolidation	(4,716)	(1,797)	n.s.
Insurance business: taxes	(29,206)	(44,204)	-33.9%
Insurance business net contribution to Profit attributable to parent company shareholders	**79,518**	**95,759**	**-17.0%**
Trading margins	1,339	54	n.s.
Rental and other income	19,030	16,904	+12.6%
Gains on disposal of investment property	0	14,077	n.s.
Operating costs and financial expenses	(13,656)	(12,007)	+13.7%
Real estate business: Operating Result	**6,714**	**19,027**	**-64.7%**
Depreciation and other extraordinary items	(9,977)	(11,157)	-10.6%
Real Estate business: taxes	246	(2,719)	n.s.
Real Estate business net contribution to Profit attributable to parent company shareholders	**(3,017)**	**5,151**	**n.s.**
Service business net contribution to Profit attributable to parent company shareholders	**(1,722)**	**403**	**n.s.**
Net Profit attributable to parent company shareholders	**74,779**	**101,313**	**-26.2%**
Other Comprehensive Income (Loss) net of tax	**(241,539)**	**5,892**	**n.s.**
Comprehensive Income attributable to parent company shareholders	**(166,759)**	**107,205**	**n.s.**

As at 31 December 2022 Vittoria Assicurazioni registered net profit – based on Italian GAAPs – of 62,540 thousand euro (102,051 thousand euro as at 31 December 2021).

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

The gross income of the insurance segment, shown in the income statement by segment, amounted to 112,903 thousand euros (154,596 thousand euros as of December 31, 2021, a decrease of 27%), and the most significant components of business operations that contributed to the formation of the result for the period are described below.
Total insurance premiums in 2022 amounted to 1,679,423 thousand euro (+5.6% according to 1,590,804 thousand euro as December 31, 2021), of which 1,596,812 thousand euro for insurance premiums written and 82,611 thousand euro for unit-linked investment contracts and for the Vittoria Formula Lavoro open-ended pension fund.
Direct Life insurance premiums amounted to 271,670 thousand euro featuring an increase of 7.3% vs. premiums in 2021.

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

- Motor premiums: +0.7%;
- Non-marine premiums: +14.6%;
- Specialty categories [i.e. marine & transport, aviation, credit & suretyship] premiums: +13.1%.

Overhead costs as a percentage of total direct insurance premiums is equal to 7.6%, down from 7.8% at 31 December 2021.

Non-Life business combined ratio and loss ratio retained at 31 December 2022, amounted respectively to 96.3% and 69.2% (Italian GAAP). The corresponding ratio at 31 December 2021 were respectively 87.5% and 60.6%.

Please refer to the comment on technical performance reported on page 22.

Real Estate Business

The real estate segment's result for the year before taxes and intersegment elisions, as reported in the income statement by business segment, shows a loss of 867 thousand euros (loss of 4,092 thousand euros as of December 31, 2021). The main income components, before eliminations for intercompany transactions, include:

- margins on real estate for trading activities amounting to 1,184 thousand euros (54 thousand euros as of December 31, 2021) resulting from margins on brokered sales;
- rental income and other income of 22,592 thousand euros (20,113 thousand euros as of December 31, 2021);
- financial expenses of 2,897 thousand euros (2,648 thousand euros as of December 31, 2021);
- operating costs of 10,957 thousand euros (10,072 thousand euros as of December 31, 2021);
- depreciation, amortization and other extraordinary items of 10,789 thousand euros (11,538 thousand euros as of December 31, 2021)***.***

Service Business

This segment reported a loss, before tax and minority interests, of 1,982 thousand euro, compared with a loss of 532 thousand euro as at 31 December 2021. The negative change from the previous year relates to the equity valuation of Spefin Finanziaria S.p.A., which was reclassified from other investments measured at fair value to investments in associates, following the increase in the share held to 23.38%. In detail, the capital increase of Spefin Finanziaria S.p.A. carried out by Interbilancia was finalized on January 18, 2023. The process of the transaction was initiated in 2022 and resulted in Vittoria Assicuriazioni, through Interbilancia S.p.A., obtaining significant influence over Spefin S.p.A., which was therefore consolidated using the equity method.

The services and the fees received by the Group companies, gross of intercompany services, amounted to 224 thousand euro (9 thousand euro as at 31 December 2021. The increase from the previous year is due to commission income from Aspevi ACLI S.r.l. (100 thousand euros) incorporated in November 2021 and SERVITT S.r.l. (124 thousand euros) incorporated in January 2022.

Equity and dividend policy

Group shareholders' equity amounted to 645,270 thousand euro (-23.4%) and minority interests amounted to 44,150 thousand euro, 842,671 and 46,651 thousand euro respectively as at 31 December 2021. 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 62,540,035 euro, as follows:

To Legal Reserve	euro	0
To Available Reserve	euro	32,122,827
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 2023 statutory accounts.

Insurance business

Review of operations

Premiums as up to 31 December 2022 amounted to 1,596,812 thousand euro (1,516,617 thousand euro as at 31 December 2021). Portfolio breakdown and the changes occurring by business segment and branch are shown in the following table:

COMPARISON BETWEEN GROSS PREMIUMS WRITTEN IN 2022 AND 2021
DIRECT AND INDIRECT BUSINESS

(€/000)

	31/12/2022	31/12/2021	YoY change %	% of total book 2022	% of total book 2021
Domestic direct business					
Life business					
I Whole- and term life	269,698	251,520	7.2	16.9	16.6
IV Health (long-term care)	1,956	1,525	28.3	0.1	0.1
V Capitalisation	16	28	-42.9	0.0	-
Total Life business	**271,670**	**253,073**	**7.3**	**17.0**	**16.7**
Non-Life business					
Total non-marine lines (exc. specialty and motor)	428,567	373,924	14.6	27.0	24.7
Total specialty lines	9,799	8,661	13.1	0.6	0.5
Total motor lines	886,672	880,860	0.7	55.4	58.1
Total Non-Life business	**1,325,038**	**1,263,445**	**4.9**	**83.0**	**83.3**
Total direct business	**1,596,708**	**1,516,518**	**5.3**	**100.0**	**100.0**
Domestic indirect business					
Non-Life business	104	99	5.1	0.0	0.0
Total indirect business	**104**	**99**	**5.1**	**0.0**	**0.0**
Grand Total	**1,596,812**	**1,516,617**	**5.3**	**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 82,611 thousand euro (74,187 thousand euro in 2021).

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 policies that provide the option to convert the accrued benefit into an annuity: conversion takes place at the time the option is exercised.
The product information set is constantly updated and is in line with market.

Premiums

Direct insurance business premiums in 2022 amounted to 271,670 thousand euro (253,073 thousand euro in 2021) divided follows:

(€/000)

	31/12/2022	31/12/2021	YoY change %	% of total book 2022	2021
Recurring premiums	185,477	77,522	n.s	68.3	30.6
Annual premiums	86,193	175,551	-50.9	31.7	69.4
Total Life business	**271,670**	**253,073**	**7.3**	**100.0**	**100.0**

Premium income increased by 7.3% compared to 31 December 2021 due to the improved performance of all intermediaries.

In 2022 the funds relating to segregated funds achieved the following returns:

(€/000)

	Rate of return 2022	Total Assets 2022	Rate of return 2021	Total Assets 2021
Vittoria Rendimento Mensile *	2.90%	691,844	3.58%	739,031
Vittoria Valore Crescente *	4.75%	72,129	4.08%	73,960
Vittoria Obiettivo Crescita *	2.81%	493,423	3.07%	488,810
Vittoria Previdenza **	2.89%	213,484	3.02%	187,423
Vittoria Obiettivo Rendimento *	3.00%	317,741	3.15%	165,768

* Observation period: 01/01/2022 - 31/12/2022
** Observation period: 01/10/2021 - 30/09/2022

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)

	31/12/2022	31/12/2021	YoY change %
Claims	27,380	21,749	25.9
Accrued capital sums & annuities	27,733	18,627	48.9
Surrenders	81,007	60,213	34.5
Total	**136,120**	**100,588**	**35.3**

The trend in settlements shows an increase for all types of settlements, in particular for surrenders the increase is also related to some large positions related to capitalization contracts (class V) whose return was linked to old generation separate management schemes, which were settled in the last quarter of 2022.

Non-life Business

Premiums

Direct premiums issued amounted 1,325,038 thousand euro (1,263,445 thousand euro as at 31 December 2021) and showed an increase of 4.9%.

Technical performance

Technical management trend shows a decrease compared to the previous year, mainly due to the motor lines.
The following sets out the considerations for the different lines of business:

NON-MARINE BUSINESSES

Premiums of non-marine line of business increased by 14.6% compared to the previous year.
The number of policies in the portfolio of the Lob was increased by 8.3% compared to the previous year.

The technical result is positive, down from the previous FY due to a higher incidence of weather event claims affecting the "Fire and Natural Elements" and "Miscellaneous damages" lines of business.

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

Accident: premiums recorded an increase of 5.4%, with a positive technical result slightly down from the previous year due to a higher incidence of peak claims.

Disease: premiums shows an increase of 29.3%, thanks in part to the development of group policies. The technical result is positive, improving from the previous year.

Fire and natural events: premiums increased by 15.9%, thanks in part to the consolidation of cooperation with the broker channel in the corporate line. The technical result is negative, worsening from last year due to the higher incidence of claims related to natural events. Already from the first months of FY 2023, the tariff and contract terms related to weather event risk coverage have been revised.

Miscellaneous damages: premiums, which include coverage for theft, hail, and damage to electrical and utility systems in the home, increased by 25.4%. The negative underwriting result was affected by the incidence of claims from natural events, which affected the housing segment.

General Third-Party Liability: premiums increased by 9.2% compared with the previous year.
The technical balance is positive, improving from the previous year, thanks in part to ongoing reform efforts.

Miscellaneous financial losses: written premiums showed an increase of 44.2%, thanks in part to the development of premiums in the zootechnical branch related to livestock coverage. The Branch has a positive underwriting balance, an improvement over the previous year.

Legal protection: written premiums increased by 10.8%. The line maintains a positive technical result, improving from the previous year.

SPECIALTY BUSINESSES

Premiums increased by 13.1% thanks to the positive contribution of Cargo Insurance and Watercraft (sea, lake, and river) hulls and railway rolling stock.
The technical result is positive, a marked improvement over the previous year, thanks to the positive contribution of the credit and surety business.

In particular:

Watercraft (sea, lake, and river) hulls and railway rolling stock: premiums increased by 27%, thanks in part to the development of the channel through specialized brokers in the sector.
The technical balance is negative, because the reform actions initiated have not yet generated their effects.

Cargo (goods in transit): written premiums increased by 15.4%. The overall technical result is deteriorating from the previous year, partly due to a higher incidence of cargo damage claims arising from road traffic. Necessary reform actions have already been initiated.

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, an improvement over the previous year.

Surety: written premiums increased by 2.6% and a significantly improved technical balance from the previous year, thanks in part to a lower incidence of large claims.

MOTOR BUSINESSES

The negative technical result, down significantly from the positive result in the previous year, is due to the lower profitability of the Land motor vehicle hulls line of business and the negative result recorded in the Third-party liability for land motor vehicles and for watercraft (sea, lake, and river) line of business, as shown below.

Premiums recorded an increase of 0.7%. The number of policies in the segment's portfolio is up 0.8% from the previous year.
In particular:

Land motor vehicle hulls: premiums increased by 4.2%, thanks to the development of supplementary guarantees combined with Motor TPL Lob.
The technical result remained positive, but down significantly from the previous year, due to the higher incidence of the cost of weather-related claims. The tariff and contract terms related to weather-related risk coverage were revised.

Third-party liability for land motor vehicles and for watercraft (sea, lake, and river): the technical result is negative due to the combined effect of several factors: the evolution of the average premium paid by policyholders, also detected at the market level, the increase in the claims frequency resulting from the resumption of circulation, and the increase in the average cost of claims, resulting in particular from the inflationary phenomena described above. Therefore, the necessary actions to bring the Branch's performance back into balance have been intensified, starting as early as the second half of 2022.

Assistance: premiums increased by 5.8% 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 2021:

	Number of Reported claims		YoY Change %	Number of Reported claims without consequences		YoY Change %	Number of Reported claims closed		YoY Change %
	31/12/2022	31/12/2021		**31/12/2022**	31/12/2021		**31/12/2022**	31/12/2021	
Total non-marine lines	91,441	59,340	54.1%	15,096	11,856	27.3%	62,302	37,864	64.5%
Total specialty lines	733	722	1.5%	55	71	-23.1%	260	250	4.0%
Total motor lines	296,994	262,612	13.1%	27,212	22,297	22.0%	220,884	196,187	12.6%
Total Non-Life businesses	**389,169**	**322,674**	**20.6%**	**42,362**	**34,224**	**23.8%**	**283,446**	**234,301**	**21.0%**

As regards Motor TPL reported claims, has received n. 97,520 reports of claim events to be managed as originator (+4.7% compared to 2021) and the total cost, net of the recovery of the lump-sum paid by the debtor companies, amounted to 66,557 thousand euro (+2 % compared to 2021).

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 **31/12/2022**			Claims recovered from reinsurers	Claims paid 31/12/2021			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	96,835	65,039	161,874	14,899	76,293	65,763	142,056	17,177	14.0	(13.3)
Total Special businesses	2,044	5,362	7,406	2,303	1,181	5,706	6,887	2,749	7.5	(16.2)
Total motor businesses	301,646	304,714	606,360	18,568	274,515	282,971	557,486	16,684	8.8	11.3
Total Non-Life businesses	**400,525**	**375,115**	**775,640**	**35,770**	**351,989**	**354,440**	**706,429**	**36,610**	**9.8**	**(2.3)**

The additional cost incurred in 2022 for the contribution to the Road Victims' Guarantee Fund was 16,387, up from 16,462 thousand euros 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	
	31/12/2022	31/12/2021	**31/12/2022**	31/12/2021
Accident insurance	61.75	60.01	67.94	67.60
Health insurance	93.08	84.35	73.94	80.58
Motor vehicle hulls	78.52	79.84	79.93	82.61
Fire and natural events	81.92	81.71	72.59	76.09
Miscellaneous damages - theft	88.31	89.99	90.77	89.22
Third-party motor liability	77.03	76.93	67.95	66.72
Third-party general liability	68.36	68.91	34.61	36.84

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 7.2 million euro (6.6 million as at 31 December 2021).
As a result of the deepening in relation to fraud risk, savings of 6.7 million euro were achieved for claims that have been defined without result (6.1 million as at 31 December 2021) and 0.5 million euro for claims definitively settled (0.5 million as at 31 December 2021), compared to the assessed value posted to technical provisions.

Reinsurance

LIFE BUSINESS

<u>Outward reinsurance</u>
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 FY22 amounted to 2,214 thousand euro (1,828 thousand euro as at 31 December 2021).

<u>Inward reinsurance</u>
Within the Life Businesses there is a traditional non-fed portion, which only captures changes that have occurred in the relevant portfolio

NON-LIFE BUSINESS

<u>Outward reinsurance</u>
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 claims: Accident, Motor vehicle Hulls, Marine Hulls, Cargo (goods in transit), Fire and natural events, Motor TPL and General TPL.

Pure premium: 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 FY22 amounted to 72,734 thousand euro (51,631 as at 31 December 2021).

<u>Inward reinsurance</u>
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 2022, by rating:

(€/000)

Rating	Current and Deposit accounts	Reinsurers' share of technical reserves	**Total net balance sheet items**	**% of breakdown**
AA+	-782	526	-256	-0.6
AA	-	105	105	0.2
AA-	-16,503	25,775	9,272	22.0
A+	-5,396	29,558	24,162	57.3
A	-1,098	4,720	3,622	8.6
A2	-941	2,973	2,032	4.8
A-	-111	1,922	1,811	4.3
Not rated	-3,869	5,302	1,433	3.4
Total	**-28,700**	**70,881**	**42,181**	**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 2013 to 2022, 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 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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totale
Cumulative claims cost											
At the end of year of event	614,689	651,383	684,774	700,163	762,916	800,473	828,441	699,257	786,548	896,451	7,425,095
1 year later	601,168	621,301	685,978	710,568	775,010	794,257	838,169	653,550	808,728		
2 years later	593,557	610,631	688,626	714,305	783,811	787,134	845,939	646,352			
3 years later	587,801	596,334	684,783	702,307	781,500	785,389	848,165				
4 years later	580,632	590,762	682,583	697,471	783,440	788,015					
5 years later	573,288	589,811	679,649	699,641	786,758						
6 years later	571,523	590,724	681,862	701,160							
7 years later	570,964	591,921	672,668								
8 years later	574,218	581,665									
9 years later	569,089										
Cumulative claims cost at 31/12/2022	569,089	581,665	672,668	701,160	786,758	788,015	848,165	646,352	808,728	896,451	7,299,050
Total cumulative claims paid in 2022	551,604	556,554	630,804	640,019	692,733	681,058	718,907	508,737	560,459	386,799	5,927,674
Claims paid in 2022	**6,967**	**7,202**	**10,990**	**15,000**	**16,447**	**19,853**	**27,294**	**43,845**	**222,894**	**386,799**	**757,291**
Claims reserve at 31 December 2022	**17,485**	**25,112**	**41,863**	**61,140**	**94,025**	**106,957**	**129,258**	**137,615**	**248,269**	**509,652**	**1,371,376**

The comparison between what was posted in the first year of occurrence of claims - in the decade highlighted - amounting to 7,425,095 thousand euro and the evolution of the same at the date of the 2022 financial statements, amounting to 7,299,050 thousand euro, shows a deviation of -1.7%.

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 12.3 million euro, before tax.

Commercial organisation

The development activity has resulted in the opening of 16 new agencies and the reorganization of other 44 and the closure of 6 agencies; as at 31 December 2022 Vittoria Assicurazioni was nationally present with 490 General Agencies (480 as at 31 December 2021) and 1,177 Sub-Agencies Professional (1,179 as at 31 December 2021).

The first year in which it was possible to operate in the area of Network Training was 2022, with the new organizational model adopted in 2021, and a training plan was then implemented that was able to propose a customized offering for identified populations of intermediaries, in order to concretely support the network in achieving the set business objectives.
A "clustering" model for the Network was then defined and consolidated, making the most of the needs analysis work carried out and identifying the best ways to deliver courses in line with the objectives outlined.
The 2022 plan also included new interventions designed with innovative methodologies for analyzing participant profiles and additional and more modern content delivery tools.
This transition was possible mainly due to the adoption, as of January 10, 2022, of the new Training Portal "iris".
The new portal, in fact, renewed in graphics and services, responds to the needs of the Network in terms of content, mode of use and monitoring tools. It easily guides in the identification of priority training paths, offering customized training paths according to the role. However, it also offers the possibility of training through an extensive and up-to-date "library," responding to the different business needs of individuals. Finally, Iris supports the Network in monitoring the status of its training booklet.
The goal of introducing various "digital training" tools has led to the continuation of the plan to evolve the Company's Training Portal in 2022.
With the health emergency over, with due caution and in compliance with current regulations, Vittoria, during 2022, reintroduced in-person training activities into its offerings, opting for the right mix of online and traditional learning, each for its own purpose.

Products - Research and development

During 2022, the non-life product "Vittoria con te - Salute e Benessere" was released, containing the insurance covers found in different accident and health products of the personal (retail) line marketed by the Company.

New covers for dental care and caregivers were also implemented. It is planned to include the new covers in the "Vittoria con te - Salute e Benessere" product during 2023.

In addition, during the year, the review for technical interventions and compliance with industry regulations of products in the Non-Life and Life lines continued.

In the Life Businesses, we report the marketing of the following products called:

- "Vittoria Protezione Welfare - Azienda" is a temporary one-year collective death case policy;
- "Vittoria Protezione Welfare - Azienda Plus" is a temporary one-year collective case of death and permanent disability.

The two products are aimed at companies that need to comply with obligations under the provisions of current collective labor agreements or under existing company contracts or agreements.

In support of energy and seismic upgrading works, and in general those aimed at structural and aesthetic improvement of the Italian real estate heritage subject to tax concessions (so-called "Superbonus" and other deductions related to building works) under the "Relaunch Decree," as of 2021, the Parent Company, also proposes to purchase tax credits originated from such concessions.

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 127,032 thousand euro, substantially unchanged with the results of the previous year, equal to 124,144 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".

ANALYSIS OF COSTS	31/12/2022	31/12/2021	Change
Personnel expenses	65,076	61,203	6.3%
Other costs	51,656	55,634	-7.2%
Amortisation/Depreciation	10,300	7,307	41.0%
Total cost by nature	**127,032**	**124,144**	**2.3%**

Overhead costs as a percentage of total direct insurance premiums (direct business) are equal to 7.6% (7.8% in 2021).
The increase in "Amortisation/Depreciation” compared to the previous year is attributable to new investments made by the Company in relation to business application systems. The trend in "Miscellaneous expenses" reflects the reduction in marketing costs, which in the previous year included expenses incurred for the advertising campaign.

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)

	31/12/2022	31/12/2021	Change
Gross commissions and other acquisition costs	296,932	283,775	4.6%
Profit participation and other commissions received from reinsurers	-9,986	-6,415	55.7%
Investment management costs	1,911	1,910	0.1%
Other administrative costs	51,666	51,623	0.1%
Total	**340,523**	**330,893**	**2.9%**

Operating expenses recorded incidence of premium retained by 22.4% (22.6% 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 107 thousand euro (922 thousand euro at 31 December 2021). Closing inventories amounted to 12,218 thousand euro (12,346 thousand euro at 31 December 2021). The Company also holds buildings for rental amounting to 6,578 thousand euro (7,206 thousand euro at 31 December 2021), 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 12,936 thousand euro (909 thousand euro as at 31 December 2021) and has closing inventories of 9,466 thousand euro (20,441 thousand euro as at 31 December 2021).

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 4,744 thousand euro during the year (2,648 thousand euro at 31 December 2021).
Closing inventories amounted to 141,182 thousand euro (148,430 thousand euro at 31 December 2021). The Company also holds buildings held for rental amounting to 1,341 thousand euro (1,381 thousand euro at 31 December 2021), classified as investment property.

VRG Domus Srl. - Milan
100% direct equity interest
The Company amounted a inventories of 373 thousand euro (unchanged from 31 December 2021). The Company owns a building located in Monza (Elvezia Business Park), classified as investment property with a carrying amount of 27,733 thousand euro. No proceeds in the year for the sale of property.

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 35,768 thousand euro (36,234 thousand euro at 31 December 2021). The carrying amount of property classified as investment property was 8,801 thousand euro (9,057 thousand euro at 31 December 2021).

Vittoria Properties S.r.l. - Milan
100% direct equity interest
The Company mainly owns a building located in Turin, Via Maria Vittoria, whose book value is 17,203 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 187,229 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.r.l. - Milano
100% direct equity interest
The Company is engaged in the marketing of owned properties located in Peschiera Borromeo, holds a building area in Parma and a property in Rome. During the year, it generated revenues from the sale of real estate amounting to 21,283 thousand euros (2,598 thousand euros as of December 31, 2021) and had closing inventories of 42,246 thousand euros (63,694 thousand euros as of December 31, 2021).

Operating income from real estate operations as of December 31, 2022 was positive by approximately 6,714 thousand euros, compared to 19,027 thousand euros in the previous year, which benefited from 14,077 thousand euros pre-tax, obtained from the capital gain from the sale to AC Milan of Building C of the Portello business park. Taking non-operating items into account, the result was a loss of 3,017 thousand euros (profit of 5,151 thousand euros as of December 31, 2021).

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	31/12/2022	31/12/2021	Change
Other costs	9,968	7,314	36.3%
Amortisation/Depreciation	621	369	68.3%
Total cost by nature	**10,589**	**7,683**	**37.8%**

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 increase in "Miscellaneous expenses" is due to the full consolidation of Immobiliare Bilancia Prima S.r.l. acquired in December 2021.
The increase in the item "Depreciation and amortization" is due to the purchase of new furniture related to the properties in the trading and development category.

Service business

This sector shows a loss for the period, before taxes and minority interests, of 1,982 thousand euro (loss of 532 thousand euro at December 31, 2021).
This decrease was due to the change in valuation of Spefin Finanziaria S.p.A., which, having been reclassified from other investments measured at fair value to investments in affiliates, was valued using the equity method.

Overhead costs

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

(€/000)

ANALYSIS OF COSTS	31/12/2022	31/12/2021	Change
Other costs	967	605	59.8%
Amortisation/Depreciation	13	107	-87.9%
Total cost by nature	**980**	**712**	**37.6%**

The increase in "Other costs" is mainly attributable to the structure costs of Aspevi Acli S.r.l. (95 thousand euros) incorporated at the end of 2021 and Servitt S.r.l. (128 thousand euros) incorporated in the first quarter of 2022.

Investments – Cash & cash equivalents - Property

Investments, cash and cash equivalents reached 4,726,067 thousand euro with an increase of 2.2% compared to 31 December 2021. The detailed breakdown is shown in the following table:

(€/000)

	INVESTMENTS - CASH AND CASH EQUIVALENTS - PROPERTY	31/12/2022	31/12/2021	Change
A	**Investments in subsidiaries and associates and interests in joint ventures**	**27,646**	**20,926**	**32.1%**
B	**Held to maturity investments**	**-**	**-**	**n.v**
C	**Loans and receivables**	**239,337**	**227,220**	**5.3%**
	- Other loans and receivables	239,337	227,220	
D	**Financial assets available for sale**	**3,541,128**	**3,681,186**	**-3.8%**
	- Equity investments	121,438	127,484	
	- OEIC units	902,139	875,207	
	- Bonds and other fixed-interest securities	2,517,551	2,678,495	
E	**Financial assets at fair value through profit or loss**	**257,881**	**199,271**	**29.4%**
	Financial assets held for trading	**5**	**632**	**n.v**
	- Bonds and other fixed-interest securities held for trading	5	632	
	Financial assets at fair value through profit or loss	**257,876**	**198,639**	**29,8%**
	- Investments where policyholders bear the risk	237,222	196,210	
	- Investments where the Group bears the risk	20,654	2,429	
	Cash and cash equivalents	**21,838**	**17,337**	**26.0%**
F	**Total Property**	**638,237**	**686,555**	**-7.0%**
	Investment Property	**306,786**	**315,202**	**-2.7%**
	Property	**331,451**	**371,353**	**-10.7%**
	- Property under construction	9,803	9,803	
	- Property held for trading	234,424	271,715	
	- Owner-occupied property	87,224	89,835	
	TOTAL INVESTMENTS	**4,726,067**	**4,832,495**	**-2.2%**
	of which			
	investments where the Group bears the risk	**4,488,845**	**4,636,285**	**-3.2%**
	investments where policyholders bear the risk	**237,222**	**196,210**	**20.9%**

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 85,000 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	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Investment property	57,587	58,754	249,199	256,448	-	-	-	-	306,786	315,202
Investments in subsidiaries	428,210	443,710	-	-	-	-	-428,210	-443,710	-	-
Investments in associates	23,967	19,274	1,081	829	2,598	823	-	-	27,646	20,926
Held to maturity investments	-	-	-	-	-	-	-	-	-	-
Reinsurance deposits	-	-	-	-	-	-	-	-	-	-
Other loans and receivables	205,480	202,971	33,857	24,249	-	-	-	-	239,337	227,220
Financial assets available for sale										
Equity investments	122,563	126,333	-	-	-	2,276	-1,125	-1,125	121,438	127,484
OEIC units	902,139	875,207	-	-	-	-	-	-	902,139	875,207
Bonds and other fixed-interest securities	2,517,551	2,678,495	-	-	-	-	-	-	2,517,551	2,678,495
Financial assets at fair value through profit or loss: Investments where policyholders bear the risk	237,222	196,210	-	-	-	-	-	-	237,222	196,210
Financial assets at fair value through profit or loss: investments where the Group bears the risk	20,654	2,429							20,654	2,429
Financial assets held for trading: Bonds and other fixed-interest securities	5	632	-	-	-	-	-	-	5	632
Cash and cash equivalents	7,625	5,632	12,945	10,488	1,269	1,217	-	-	21,839	17,337
Property under construction	-	-	9,803	9,803	-	-	-	-	9,803	9,803
Property held for trading	-	-	231,450	268,477	-	-	2,973	3,238	234,423	271,715
Owner-occupied property	85,929	88,316	1,295	1,519	-	-	-	-	87,224	89,835
Total	**4,608,932**	**4,697,963**	**539,630**	**571,813**	**3,867**	**4,316**	**-426,362**	**-441,597**	**4,726,067**	**4,832,495**

Investments with risk borne by Group

The investment risk is borne by the Group amounted to 4,488,845 thousand euro (4,636,285 thousand euro at December 31, 2021).

The main transactions during the year were as follows:

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, 2022, the Company recognized Group equity of 58,216 thousand euro (42,195 thousand euro at December 31, 2021).

B) Held-to-maturity investments:

Purchased tax credits of 25,913 thousand euros, of which reimbursed through compensation 2,643 thousand euros.

C) Financial assets available for sale:

The main transactions during the period were as follows:

- redemption of bonds amounting to 776,199 thousand euro and recognition of 174 thousand euro in net capital gains from the exercise of call options;
- purchases of bonds of government and supranational issuers for 1,514,423 thousand euro and sales for 490,772 thousand euro realising net capital gains of 6,221 thousand euro;
- purchases of bonds of corporate issuers for 120,466 thousand euro and sales for 23,829 thousand euro, realising net capital gains of 1,482 thousand euro;
- sold money market funds for 4,998 thousand euros recognizing 111 thousand euros in capital losses;

- invested 4,157 thousand euro in funds specialising in infrastructure debt and received redemptions of 6,997 thousand euro recognizing 2 thousand euro in capital gains;
- 25,000 thousand euro invested in funds specialising in private debt and loans;
- 19,681 thousand euro invested in funds specialised in Direct Lending for call and received redemptions of 10,010 thousand euro, with 57 thousand euro of capital losses;
- invested 5,000 thousand euro in funds specializing in Residential Mortgage;
- 33,125 thousand euro invested in specialised Private Equity funds for calls and received 15,209 thousand euro in capital redemptions, realising 597 thousand euro in capital gains;
- 25,535 thousand euro was invested in specialised Infrastructure Equity funds and 1,207 thousand euro was received as repayment;
- invested 40,575 thousand euro in equity ETFs and sold 39,391 thousand euro, realising 3,129 thousand euro in capital gains;
- invested 4,952 thousand euro in Real Estate funds and and recognized 111 thousand euro in capital losses due to commission charges through redemption of units;
- acquired the 18.974% stake in NSA Soluzioni Assicurative S.p.A. with an outlay of 1,500 thousand euros;
- eliminated the equity investment of G.P.A. Group. S.p.a. in liquidation due to its cancellation;
- eliminated the equity investment in Porta Romana 4 S.r.l. in liquidation due to its cancellation;
- eliminated the equity investment in Medinvest International S.C.A. due to dissolution realizing 62 thousand euros in capital gains;
- the equity investment in REVO S.p.A. was merged by incorporation into Elba Assicurazioni S.p.A. and renamed REVO INSURANCE S.p.A.; 180,000 shares were also allocated free of charge through the conversion of rights held.

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

- There were no significant changes in the financial year.

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 2022 these investments amounted to 237,222 thousand euro (196,209 thousand euro at 31 December 2021).

The balance is reported for 65,769 thousand euro to Unit-Linked policies linked to Funds outside the Company, for 144,456 thousand euro to Unit-Linked policies linked to the Company's internal Funds and for 26,997 thousand euro to the Vittoria Formula Lavoro open-ended pension fund. Total incomes have a negative net balance of 26,601 thousand euro (net positive balance of 15,074 thousand euro at 31 December 2021).

F) Property

Real estate assets at 31 December 2022 amounted to 638,237 thousand euro, down 7% (686,555 thousand euro at 31 December 2021).
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 31/12/2021	**315,202**	**9,803**	**271,715**	**89,835**	**686,555**
Purchase and capitalised interests paid:					
- MILAN - Portello (via Vittoria Assicurazioni S.p.A.)	**344**				**344**
- ROME - Via Guattani - (via Immobiliare Bilancia S.r.l.)			**1,103**		**1,103**
- FLORENCE - Viale Michelangelo (via Immobiliare Bilancia S.r.l.)			**2**		**2**
- TURIN - Via Maria Vittoria (via Vittoria Properties)	**160**				**160**
- SAN DONATO MILANESE (MI) - Palazzo Eni (via Fondo Pegasus)	**47**				**47**
- Miscellaneous			**2**		**2**
Total purchase and capitalised interests paid	551	0	1,105	-	1,656
Sales:					
- GAMBOLO' (PV) - Corso Umberto I (via Vittoria Immobiliare S.p.A.)	(186)		(9)		(195)
- PESCHIERA BORROMEO (MI) San Bovio - Viale Umbria (via Immobiliare Bilancia Prima S.p.A.)			(21,283)		(21,283)
- PESCHIERA BORROMEO (MI) Via Umbria (via Acacia 2000 S.r.l.)			(2,460)		(2,460)
- MILAN - Parco Vittoria (via Acacia 2000 S.r.l.)	(194)		(2,255)		(2,449)
- ROMA - Guattani (tramite Immobiliare Bilancia S.r.l.)			(12,102)		(12,102)
- MILAN - via Gattamela (via Vittoria Imm.re)	(747)		0		(747)
- GENOA - Via Venezia (via Immobiliare Bilancia S.r.l.)			0		0
- GENOA - Via Conservatori del mare (via VAIMM S.r.l.)			(508)		(508)
- TURIN - Via Villar Focchiardo (via Vittoria Immobiliare S.p.A.)			(98)		(98)
- MILAN - San Donato Milanese (via Immobiliare Bilancia S.r.l.)			(85)		(85)
- MILAN - Don Gnocchi (via Acacia 2000 S.r.l.)			(30)		(30)
- FLORENCE - Viale Michelangelo (via Immobiliare Bilancia S.r.l.)	(391)		(750)		(1,141)
- Miscellaneous			-	(115)	(115)
Total sales	(1,518)	-	(39,580)	(115)	(41,213)
Depreciations	(7,749)			(1,644)	(9,393)
Leased assets IFRS 16				(882)	(882)
Riclassifiche					
Miscellaneous					
Value adjustment on real estate					
Capital gain on sale of investment property or business property	300		1,184	29	1,514
Trading margin					
Balance as at 31/12/2022	**306,786**	**9,803**	**234,424**	**87,223**	**638,237**

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 31/12/2022	% of breakdown	Amount 31/12/2021	% of breakdown
DEBT SECURITIES	**1,251,469**	**66.7%**	**1,238,158**	**60.8%**
Listed treasury bonds:	**840,060**	**44.8%**	**771,210**	**41.6%**
Fixed-interest rate	840,060	44.8%	771,210	41.6%
Listed corporate bonds:	**147,252**	**7.9%**	**247,836**	**13.4%**
Fixed-interest rate	138,012	7.4%	214,113	11.6%
Variable interest rate	9,240	0.5%	33,724	1.8%
Unlisted corporate bonds:	**4,502**	**0.2%**	**703**	**0.0%**
Fixed-interest rate	3,909	0.2%	101	0.0%
Variable interest rate	593	0.0%	601	0.0%
Bonds of supranational issuers:	**259,655**	**13.8%**	**218,409**	**5.8%**
Fixed-interest rate	259,655	13.8%	213,311	5.7%
Total fixed-interest securities	1,241,636	99.2%	1,198,735	96.8%
Total variable-interest securities	9,833	0.8%	39,423	3.2%
Total debt securities	**1,251,469**	**100.0%**	**1,238,158**	**100.0%**
of which				
Total listed securities	1,246,967	99.6%	1,237,456	99.9%
Total unlisted securities	4,502	0.4%	703	0.1%
Total debt securities	**1,251,469**	**100.0%**	**1,238,158**	**100.0%**
EQUITY INSTRUMENTS	**110,641**	**5.9%**	**114,186**	**6.1%**
listed shares	34,541	1.8%	37,723	2.0%
unlisted equity instruments	76,100	4.1%	76,463	4.1%
OEIC UNITS	**512,797**	**27.4%**	**500,971**	**33.1%**
TOTAL	**1,874,908**	**100.0%**	**1,853,315**	**100.0%**

The fixed-income securities portfolio of Non-Life business has a duration of 3.09 years.

LIFE BUSINESS PORTFOLIO

(€/000)

Investment nature	Amount 31/12/2022	% of breakdown	Amount 31/12/2021	% of breakdown
DEBT SECURITIES	**1,266,088**	**74.6%**	**1,440,340**	**74.8%**
Listed treasury bonds:	**711,926**	**42.7%**	**877,343**	**48.0%**
Fixed-interest rate	711,921	42.7%	877,340	48.0%
Variable interest rate	5	0.0%	3	0.0%
Listed corporate bonds:	**438,241**	**26.3%**	**423,067**	**23.1%**
Fixed-interest rate	196,049	11.8%	164,945	9.0%
Variable interest rate	242,191	14.5%	258,122	14.1%
Bonds of supranational issuers:	**115,920**	**6.7%**	**139,930**	**3.7%**
Fixed-interest rate	111,431	6.7%	134,897	3.6%
Variable interest rate	4,489	0.3%	5,033	0.1%
of which				
Total fixed-interest securities	1,019,402	80.5%	1,177,182	81.7%
Total variable-interest securities	246,686	19.5%	263,158	18.3%
Total debt securities	**1,266,088**	**100.0%**	**1,440,340**	**100.0%**
of which				
Total listed securities	1,266,088	100.0%	1,440,340	100.0%
Total debt securities	**1,266,088**	**100.0%**	**1,440,340**	**100.0%**
EQUITY INSTRUMENTS	**10,797**	**2.0%**	**13,298**	**2.1%**
listed shares	1,797	1.5%	2,022	1.5%
unlisted equity instruments	9,000	0.5%	11,276	0.6%
OEIC UNITS	**389,342**	**23.4%**	**374,236**	**23.1%**
TOTAL	**1,666,226**	**100.0%**	**1,827,874**	**100.0%**

The fixed-income securities portfolio of Life business has a duration of 6.1 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	289,735	23.3%
1<X<5	621,413	50.0%
5<X<10	330,488	26.7%
Total	**1,241,636**	**100.0%**

Variable - interest securities			(€/000)
Tipe of rate	**Indexation**	**Amount**	**% of breakdown**
Fixed to floater	3 months Euribor	1,870	19.0%
Fixed to CMS	Euroswap 5Y	2,014	20.5%
Variabile	3 months Euribor	400	4.1%
Fixed to CMS	Euroswap 1Y	3,026	30.8%
variabile	6 months Euribor	1,930	19.6%
Variabile	other	593	6.0%
Total		**9,833**	**100.0%**

LIFE BUSINESS PORTFOLIO

Fixed - interest securities		(€/000)
Maturity	**Amount**	**% of breakdown**
< 1 year	54,965	5.4%
1<X<5	338,121	33.3%
5<X<10	440,908	43.4%
more	181,619	17.9%
Total	**1,015,613**	**100.0%**

Variable - interest securities			(€/000)
Tipe of rate	**Indexation**	**Amount**	**% of breakdown**
Fixed to CMS	Other	5,107	2.1%
Fixed to CMS	Euroswap 1Y	1,806	0.7%
Fixed to CMS	Euroswap 5Y	121,341	49.3%
Fixed to CMS	Euroswap 10Y	7,702	3.1%
Fixed to floater	Euribor 3 months	107,618	43.6%
Variable	Euribor 3 months	803	0.3%
Variable	Euribor 6 months	1,484	0.6%
Variable	Other	824	0.3%
Total		**246,685**	**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 2022, the nearly all corporate bonds held by the group were rated as *investment grade*.

(€/000)

Rating		Amounts	% of breakdown
AAA		574,703	22.9%
AA+ / AA-		929,777	37.0%
A+ / A-		161,664	6.4%
BBB+ / BBB-		778,286	31.0%
	Total investment grade	2,444,430	97.2%
Non investment grade		62,274	2.5%
Not rated		7,063	0.3%
Total		**2,513,767**	**100.0%**

of which 283,354 relating to Italian government bonds

Income and charges from investments

The following table shows the breakdown as at 31 December 2022 of net gains from investments.

(€/000)

Gains and losses on investments, Cash & cash equivalents and Property	Realised gains/ (losses)	Unrealised gains/ (losses)	31/12/2022 Total net gains/(losses)	31/12/2021 Total net gains/(losses)
Investments	**81,894**	**-13,305**	**68,589**	**96,825**
From:				
a investment property	14,895	-7,868	7,027	20,112
b investments in subsidiaries and associates and interests in joint ventures	2,026	-	2,026	-3,954
c held to maturity investments	-	-	-	270
d loans and receivables	229	-	229	252
e financial assets available for sale	68,284	-1,125	67,159	64,447
f financial assets held for trading	-	2	2	624
g financial assets at fair value through profit or loss	-3,540	-4,314	-7,854	15,074
Other receivables	**632**	**-**	**632**	**537**
Cash and cash equivalents	**223**	**-**	**223**	**15**
Financial liabilities	**-18,228**	**26,601**	**8,373**	**-28,392**
From:				
b financial liabilities at fair value through profit or loss	-	26,601	26,601	-10,226
c other financial liabilities	-18,228	-	-18,228	-18,166
Total gains and losses on financial instruments	**64,521**	**13,296**	**77,817**	**68,985**
Real estate business				
From:				
a Gains on property trading	1,184	-	1,184	54
b Rent income on owner-occupied property and property held for trading	7,229	-	7,229	5,024
Total real estate business	**8,413**	**-**	**8,413**	**5,078**
Total gains and losses on investments	**72,934**	**13,296**	**86,230**	**74,063**

Net income at risk borne by the Group rose from 74,063 thousand euro to 86,230 thousand euro, up by 16.4%. The increase is mainly due to net capital gains on the sale and redemption of bonds and provisions relating to Non-Life management of 8,537 thousand euro (realised capital losses of 96 thousand euro as at 31 December 2021).

Income and expenses deriving from "financial liabilities designated at fair value recognised in the income statement" include capital gains of 18,748 thousand euro deriving from the valuation of derivative financial instruments (forward sales of bonds), against charges from negative changes in the fair value of government bonds classified as financial assets available for sale of the Life portfolio.

The weighted average return on bonds and other fixed income securities as at 31 December 2022 was 1.74% compared to 1.57% in the previous year.

The charges on other financial liabilities relate mainly to interest expense on the subordinated loan.

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

(€/000)

Gains on investment	Insurance Business		Real Estate		Service Business		Intersegment Eliminations		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Gains or losses on remeasurement of financial instruments at fair value through profit or loss	18,749	5,472	-	-	-	-	-	-	18,749	5,472
Gains or losses on investments in subsidiaries and associates and interests in joint ventures	7,726	-3,179	302	-954	-1,210	179	-4,792	-	2,026	-3,954
Gains or losses on other financial instruments and investment property	53,423	64,332	4,731	4,286	14	-26	-1,125	-1,125	57,043	67,467
Gains on property trading	-	-	1,184	54	-	-	-	-	1,184	54
Rent income on owner-occupied property and property held for trading	449	615	6,963	4,602	-	-	-184	-193	7,229	5,024
Total	**80,347**	**67,240**	**13,180**	**7,988**	**-1,196**	**153**	**-6,101**	**-1,318**	**86,230**	**74,063**

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, 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. 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		Real Estate		Service		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Financial liabilities where the investment risk is borne by policyholders relating to index- and unit-linked policies	210,224	166,662	-	-	-	-	210,224	166,662
Financial liabilities where the investment risk is borne by policyholders relating to pension funds	26,998	29,547	-	-	-	-	26,998	29,547
Reinsurance deposits	7,519	6,873	-	-	-	-	7,519	6,873
Payables to banks	5,863	11,238	101,263	101,262	-	-	107,126	112,500
Other financial liabilities	171,124	164,556	-	-	57	65	171,181	164,621
Subordinated liabilities	253,997	253,576	-	-	-	-	253,997	253,576
Total	**675,725**	**632,452**	**101,263**	**101,262**	**57**	**65**	**777,045**	**733,779**

The item "Payables to banks" in the real estate sector, amounting to 101,263 thousand euros, refers to a mortgage loan related to the Pegasus Fund.

The item "Subordinated liabilities", refers 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 14,399 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)

Financial liabilities by maturity	31/12/22	31/12/21
< 1 year	35,249	89,925
1 < X < 3	147,321	37,888
3 < X < 5	36,704	127,224
5 < X < 10	314,186	278,038
more	243,585	200,704
Total	**777,045**	**733,779**

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 the 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.

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).

Sustainability Committee

The Sustainability Committee oversees initiatives and actions that involve environmental, social or governance impacts, as well as the assessment, management and mitigation of sustainability-relevant risks to which the Company is exposed.

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 and information security
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. In regard to information security, it contributes, among other things, to the process of establishing security policies and in their monitoring and reporting.

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	(38,298)	40,485
Life portfolio		
Fixed-rate debt securities	(59,384)	66,068

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

Non – Life portfolio	**+100BP**	**-100BP**
Floating-rate debt securities	(40)	55
Life portfolio		
Floating-rate debt securities	(7,976)	10,674

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 before mentioned 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.

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 2022, as noted in the tables in the previous section “Investments, Cash and

Properties - Securities portfolio breakdown", more than 90% of financial assets held was listed on a regulated market.
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 526,602 thousand euro (market value at 31 December 2022) 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 13% 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 Rsk** is represented by all risk exposures with a potential loss, enough to threaten the solvency or the financial position of the Group.

The above risks refer to both the Company's direct exposures and indirect exposures through shares in units in investment funds (UCITS) and mutual funds.

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, as well as compliance with the ESG criteria adopted in the context of investments.

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

It should be noted that during 2022 the Company made three reports to the Privacy Guarantor for data breaches. No damage to the rights and freedoms of data subjects was detected in connection with these events.

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;
- continued compliance with statutory and regulatory requirements.

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 Co-General Manager Administration, Control, Finance and Life and the Managers reporting directly to him, the Fundamental Functions and the second and third level control functions are essential.

Control and Risk Committee

It has the following functions:

- Assessing, along with the Head of Administration, and after hearing the statutory auditor and the Board of Statutory Auditors, the proper usage of the accounting principles and, in case of groups, their homogeneity for the purposes of drawing up the consolidated financial statements;
- Examining the plans of annual activities and report of the Primary Functions, by validating the contents;
- Performs ongoing verification of the adequacy and effectiveness of the internal control and risk management system in relation to the characteristics of the Parent Company and the risk profile assumed;
- Monitoring the effectiveness of the audit process;
- 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 in 2022, due to the continuing volatility of the financial markets and the macroeconomic situation, IVASS asked the Companies and the Italian 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.
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 analysis from the Company on the following issues:

- insights regarding distribution network controls: there were two meetings by videoconference with the Market Conduct Supervision Service - Distribution Supervision Division of IVASS during which the evolution of the control model in light of recent regulations and new business intelligence tools to support sales network control activities were discussed;
- clarifications regarding Remuneration Policies: the Board of Directors of February 23, 2022, unanimously approved, on the proposal of the Appointments and Remuneration Committee in joint session with the Control and Risk Committee, the text of the letter to be sent to IVASS in response to the request for clarifications, information and documentation dated December 15, 2021, within the terms requested by the Institute. Preliminarily, with respect to the discussion of the individual points covered by the comments, it was pointed out that the Company's Remuneration Policies were prepared by the Board of Directors in compliance with the provisions of IVASS Regulation No. 38 of July 3, 2018 and the IVASS Letter to the Market of July 5, 2018. The Company has, for 2022, therefore, taken care to integrate into the Policies some elements already present in the Implementing Regulations in order to incorporate what was suggested by the Supervisory Authority;
- Insights regarding POG IBIPs products: in May and October there were two meetings with the Market Conduct Supervision Service - Product Supervision Division to discuss the processes of control and management of insurance investment products regarding pricing, the definition of a scale of complexity of products linked to the granularity of the reference market and the assessment of the adequate value for the client in the conception phase and the monitoring of products. A letter with the Company's commitments on these issues was sent to IVASS on December 21, 2022;
- insights on digital innovation strategy: on June 30, 2022, a videoconference meeting was held with IVASS on the topic of digital strategy and innovation during which the Company presented its experience on digital technologies;
- Best Estimate Life determination process: the response, submitted to the Board of Directors on January 25, 2023, provided clarifications on the process, methodological choices and analyses carried out when calculating and validating reserves; the response was accompanied by technical annexes and the documents expressly requested by the Institute including the corrective action plan for the annual Solvency II technical reserves valuation of December 31, 2022.

Vittoria Assicurazioni Group responded to the above requests in a timely manner.

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 2022. 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	635
Minimum Capital Requirement	286
Solvency II Own Funds (net of dividend to be distributed in 2023)	1,219

Company’s own funds belong to Tier 1 for 989 million euro and to Tier 2 for 230 million euro.

Own funds covering MCR belong to Tier 1 for 989 million euro and to Tier 2 for 57 million euro for a total of 1,046 million euro.

The Solvency Ratio (ratio between Own Funds and SCR) is 192.0%.
The Minimum Capital Ratio (ration between Own Funds and MCR) is 366.0%.

The data shown have been calculated using the Standard Formula with USPs. 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 2022 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	-	-	-	-	-	30,338
Associates	23,240	15,342	1,060	1,107	24,214	428
Fees:	-					
Directors	-	-	256	-	3,893	-
Statutory auditors	-	-	171	-	324	-
Total	**23,240**	**15,342**	**1,487**	**1,107**	**28,431**	**30,766**

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 508 thousand euro (496 thousand euro as at 31 December 2021).

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 2021).

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 528 thousand euro (1,552 thousand euro as at 31 December 2021).

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 5,601 thousand euro (5,444 thousand euro as at 31 December 2021). Payable to Vittoria Assicurazioni amounts to 3,607 thousand euro (3,236 thousand euro as at 31 December 2021).

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 785 thousand euro (920 thousand euro as at 31 December 2021). The services rendered during the year by the company to Vittoria Assicurazioni for commissions amount to 11,014 thousand euro (8,376 thousand euro at 31 December 2021). The debt to Vittoria Assicurazioni amounts to 18,404 thousand euro (13,416 thousand euro at 31 December 2021).

Aspevi Firenze S.r.l. – Florence
49.00% equity interest via Interbilancia S.r.l.
The services rendered during the year by the company to Vittoria Assicurazioni for commissions totalled 3,491 thousand euro. Payable to Vittoria Assicurazioni amounts to 1,994 thousand euro.

Spefin Finanziaria S.p.A. – Rome
23,38% equity interest via Interbilancia S.r.l.
The parent company Vittoria Assicurazioni S.p.A. gave the associate an interest bearing loan, which has a balance of 10,000 thousand.
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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 operate, is a fundamental factor of success.
Therefore, it recognizes the centrality of human resources and pursues the objective of their valorisation, encouraging the continuous development of skills and competences in the context of a work culture based on merit and on the ability to generate and maintain relationships focused on fairness, professionalism and respect for people.
The protection and enhancement of human resources that Vittoria Assicurazioni uses, guaranteeing respect for moral and professional dignity, are pursued through:

- careful evaluation of the applications, aimed at verifying the correspondence between the company needs and the professional profiles to be selected: the resources are identified primarily through internal selection processes, so as to promote their professional growth. Where it is not identifiable in the company applications consistent with the profile required, selection processes are activated aimed at the market to select particularly qualified candidates for academic career and / or professional experience gained in the sector;
- the commitment to training in line with the role played by each one, respecting the objectives and strategies of the Company: Vittoria Assicurazioni believes that resources play a fundamental role in the process of value creation and therefore pays particular attention to the planning of training and training;
- encouraging forms of flexibility in the organization of work, respecting individual / family and company needs;
- the prevention of all forms of discrimination;
- the adoption of a reward system that includes:
    - the constant professional development of resources, implemented through the performance evaluation system and the identification of growth paths;
    - the careful supervision of the remuneration system, which was implemented both through a careful remuneration policy and through an incentive system that assigns corporate, team and individual objectives, which the Company is progressively extending to the entire corporate population;
- the constant commitment to the preparation of workplaces not only compliant with the safety standards required by law, to protect the health of those who use them, but also pleasant to live.

In 2022, the Company 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 alternated with presence in the Company.

Performance in early months of FY2023 and business outlook

The company's performance in the first months of the 2023 financial year is positive and in line with the approved plan objectives.

The Board of Directors

Milan, 22 February 2023

Consolidated financial Statements as at 31 December 2022

Balance Sheet

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2022
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)

	BALANCE SHEET - ASSETS	Note	31/12/2022	31/12/2021
1	**INTANGIBLE ASSETS**		**19,976**	**13,427**
1.1	Goodwill	1	0	0
1.2	Other intangible assets	2	19,976	13,427
2	**PROPERTY, PLANT AND EQUIPMENT**		**342,544**	**379,762**
2.1	Property	2	331,451	371,353
2.2	Other items of property, plant and equipment	2	11,093	8,409
3	**REINSURERS' SHARE OF TECHNICAL RESERVES**	3	**71,704**	**69,817**
4	**INVESTMENTS**		**4,372,779**	**4,443,805**
4.1	Investment property	4	306,786	315,202
4.2	Investments in subsidiaries and associates and interests in joint ventures	5	27,646	20,926
4.3	Held to maturity investments	6	0	0
4.4	Loans and receivables	6	239,337	227,220
4.5	Financial assets available for sale	6	3,541,129	3,681,186
4.6	Financial assets at fair value through profit or loss	6	257,881	199,271
5	**OTHER RECEIVABLES**		**331,757**	**313,642**
5.1	Receivables relating to direct insurance	7	235,885	223,735
5.2	Receivables relating to reinsurance business	8	1,321	5,217
5.3	Other receivables	9	94,551	84,690
6	**OTHER ASSETS**		**320,184**	**178,365**
6.1	Non-current assets or assets of a disposal group classified as held for sale		0	0
6.2	Deferred acquisition costs	10	10,600	8,389
6.3	Deferred tax assets	11	144,188	99,661
6.4	Current tax assets	12	81,265	28,220
6.5	Other assets	13	84,131	42,095
7	**CASH AND CASH EQUIVALENTS**	14	**21,838**	**17,337**
	TOTAL ASSETS		**5,480,782**	**5,416,155**

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€/000)

BALANCE SHEET - EQUITY AND LIABILITIES		Note	31/12/2022	31/12/2021
1	**EQUITY**		**689,420**	**889,322**
1.1	**attributable to the shareholders of the parent**		**645,270**	**842,671**
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	653,869	583,197
1.1.5	(Treasury shares)	15	0	0
1.1.6	Translation reserve	15	0	0
1.1.7	Fair value reserve	15	-165,038	76,831
1.1.8	Other gains or losses recognised directly in equity	15	343	13
1.1.9	Profit for the year attributable to the shareholders of the parent		74,779	101,313
1.2	**attributable to minority interests**	15	**44,150**	**46,651**
1.2.1	Share capital and reserves attributable to minority interests		42,305	44,854
1.2.2	Gains or losses recognised directly in equity		0	0
1.2.3	Profit for the year attributable to minority interests		1,845	1,797
2	**PROVISIONS**	16	**29,803**	**56,709**
3	**TECHNICAL RESERVES**	17	**3,713,500**	**3,509,080**
4	**FINANCIAL LIABILITIES**		**777,045**	**733,779**
4.1	Financial liabilities at fair value through profit or loss	18	237,222	196,209
4.2	Other financial liabilities	18	539,823	537,570
5	**PAYABLES**		**117,646**	**106,125**
5.1	Payables arising from direct insurance business	19	5,856	13,878
5.2	Payables arising from reinsurance business	20	22,501	13,549
5.3	Other sums payable	21	89,289	78,698
6	**OTHER LIABILITIES**		**153,368**	**121,140**
6.1	Liabilities of a disposal group held for sale		0	0
6.2	Deferred tax liabilities	22	26,072	49,101
6.3	Current tax liabilities	23	146	1,020
6.4	Other liabilities	24	127,150	71,019
	TOTAL EQUITY AND LIABILITIES		**5,480,782**	**5,416,155**

Income Statement

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2022
SEPARATE INCOME STATEMENT

(€/000)

	Income Statement	Note	31/12/2022	31/12/2021
1.1	Net premiums		1,501,785	1,448,482
1.1.1	*Gross premiums*	25	1,575,111	1,500,956
1.1.2	*Ceded premiums*	25	73,326	52,474
1.2	Commission income	26	5,648	3,099
1.3	Gains or losses on remeasurement of financial instruments at fair value through profit or loss	27	18,749	5,472
1.4	Gains on investments in subsidiaries and associates and interests in joint ventures	27	8,054	-353
1.5	Gains on other financial instruments and investment property	27	112,663	107,278
1.5.1	*Interest income*		35,446	38,326
1.5.2	*Other income*		62,797	47,415
1.5.3	*Realised gains*		14,420	21,537
1.5.4	*Unrealised gains*		0	0
1.6	Other income	28	46,587	10,481
1	**TOTAL REVENUE**		**1,693,486**	**1,574,459**
2.1	Net charges relating to claims		1,138,779	1,003,109
2.1.1	*Amounts paid and change in technical reserves*	25	1,174,728	1,042,840
2.1.2	*Reinsurers' share*	25	-35,949	-39,731
2.2	Commission expense	29	4,633	2,166
2.3	Losses on investments in subsidiaries and associates and interests in joint ventures	27	6,028	3,601
2.4	Losses on other financial instruments and investment property	27	55,621	39,811
2.4.1	*Interest expense*		18,228	18,020
2.4.2	*Other expense*		6,426	6,420
2.4.3	*Realised losses*		21,974	6,205
2.4.4	*Unrealised losses*		8,993	9,166
2.5	Operating costs		351,274	338,620
2.5.1	*Commissions and other acquisition costs*	30	286,945	277,360
2.5.2	*Investment management costs*	30	1,911	1,910
2.5.3	*Other administrative costs*	30	62,418	59,350
2.6	Other costs	31	33,013	37,378
2	**TOTAL COSTS**		**1,589,348**	**1,424,685**
	PROFIT FOR THE YEAR BEFORE TAXATION		**104,138**	**149,774**
3	Income taxes	32	27,514	46,664
	PROFIT FOR THE YEAR		**76,624**	**103,110**
4	**GAIN (LOSS) ON DISCONTINUED OPERATIONS**	33	**0**	**0**
	CONSOLIDATED PROFIT (LOSS)		**76,624**	**103,110**
	of which attributable to the shareholders of the parent		**74,779**	**101,313**
	of which attibutable to minority interests	15	**1,845**	**1,797**

Basic EARNINGS per share		1.11	1.50
Diluted EARNINGS per share		1.11	1.50

Statement of other comprehensive income

Vittoria Assicurazioni S.p.A.

Consolidated financial statements as at 31 December 2022

(€/000)

COMPREHENSIVE INCOME (LOSS)	**31/12/2022**	**31/12/2021**
CONSOLIDATED PROFIT (LOSS)	**76,624**	**103,110**
Other comprehensive income, net of taxes without reclassification to profit or loss	**329**	**90**
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	329	90
Other items	-	-
Other comprehensive income, net of taxes with reclassification to profit or loss	**-241,868**	**5,802**
Change in translation reserve	-	-
Gains or losses on available for sale investments	-241,868	5,802
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	**-241,539**	**5,892**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME (LOSS)	**-164,915**	**109,002**
of which attributable to the shareholders of the parent	**-166,759**	**107,205**
of which attibutable to minority interests	**1,845**	**1,797**

Statement of changes in equity

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2022
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 31/12/2022
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**

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2022
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€/000)

		Balance at 31/12/2021	Adjustment to closing balance	Allocation	Reclass. to profit or loss	Reclassifications	Changes in ownership interests	Balance at 31/12/2022
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	583,197	0	101,313		-30,641	0	653,869
	(Treasury shares)	0	0	0		0		0
	Profit /(Loss) for the year	101,313	0	-26,534		0		74,779
	Other comprehensive income	76,844	0	-223,970	-17,569	0	0	-164,695
	Total attributable to the shareholders of the parent	**842,671**	**0**	**-149,190**	**-17,569**	**-30,641**	**0**	**645,270**
Equity attributable to minority interests	Share capital and reserves attributable to minority interests	44,854	0	-2,399		0	-150	42,305
	Gains or losses recognised directly in equity	1,797	0	48		0		1,845
	Other comprehensive income	0	0	0	0	0	0	0
	Total attributable to minority interests	**46,651**	**0**	**-2,351**	**0**	**0**	**-150**	**44,150**
Total		**889,322**	**0**	**-151,541**	**-17,569**	**-30,641**	**-150**	**689,420**

Cash flow statement – Indirect Method

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2022
CONSOLIDATED STATEMENSTS OF CASH FLOW - INDIRECT METHOD

(€/000)

	31/12/2022	31/12/2021
Profit for the year before taxation	**104,138**	**149,774**
Change in non-monetary items	**66,936**	**200,846**
Change in non-life premium reserve	20,081	14,674
Change in claims reserve and other non-life technical reserves	115,860	60,306
Change in mathematical reserves and other life technical reserves	66,592	139,531
Change in deferred acquisition costs	-2,211	-1,340
Change in provisions	-26,906	5,607
Non-monetary gains and losses on financial instruments, investment property and investments in subsidiaries and associates and interests in joint ventures	901	-1,478
Other changes	-107,381	-16,454
Change in receivables and payables arising from operating activities	**-6,593**	**-9,927**
Change in receivables and payables relating to direct insurance and reinsurance	-7,324	-11,947
Change in other receivables and payables	731	2,020
Taxes paid	**-27,514**	**-46,664**
Net cash flow generated by/used for monetary items from investing and financing activities	**-17,598**	**-5,917**
Liabilities from financial contracts issued by insurance companies	41,012	78,732
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	-58,610	-84,649
NET CASH FLOW FROM OPERATING ACTIVITIES	**119,369**	**288,112**
Net cash flow generated by/used for investment property	8,416	32,211
Net cash flow generated by/used for investments in subsidiaries and associated companies and interests in joint ventures	-8,416	17,458
Net cash flow generated by/used for loans and receivables	-12,117	45,006
Net cash flow generated by/used for held to maturity investments	0	11,565
Net cash flow generated by/used for financial assets available for sale	-100,687	-254,920
Net cash flow generated by/used for property, plant and equipment	30,669	-66,881
Other net cash flows generated by/used for investing activities	0	0
NET CASH FLOW FROM INVESTING ACTIVITIES	**-82,135**	**-215,561**
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	-30,417
Net cash flow generated by/used for share capital and reserves attributable to minority interests	-4,570	-1,693
Net cash flow generated by/used for subordinated liabilities and equity instruments	0	0
Net cash flow generated by/used for other financial liabilities	2,253	-33,005
NET CASH FLOW FROM FINANCING ACTIVITIES	**-32,734**	**-65,115**
Effect of exchange rate gains/losses on cash and cash equivalents	**0**	**0**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	17,337	9,901
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,501	7,436
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21,838	17,337

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 2022

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 2022 for financial years beginning on or after 1 January 2022.

New accounting standards that are not yet applicable

On 13 May 2022, the European Securities and Markets Authority (ESMA) published a transparency note regarding the implementation of IFRS 17 to promote its consistent application as well as the quality of its implementation by different issuers in the market. This note was taken up, on 27 October 2022, by a joint IVASS, Bank of Italy and Consob press release, which requires insurance companies preparing their financial statements in accordance with international accounting standards to provide therein disclosure relating to the new international accounting standards IFRS 17 and IFRS 9, in order to comply with requirements of paragraphs 30-31 of IAS 8.

The following paragraphs are intended to provide the reader with the main qualitative and quantitative information related to the application of IFRS 17 and 9, both in force since 1 January 2023 for insurance companies.

With specific reference to quantitative information, it should be noted that these are to be considered preliminary since the transition to the new accounting standards is not totally completed because:

- the accounting and internal control processes required for the application of IFRS 17 and 9 are still under completion;
- the results of the tests and the evaluation of the controls on the new IT systems incorporated in the application of the principles are being analysed;
- the application, assumptions and estimates used could be refined until the Group concludes its first financial statements which will include the date of first application.

<u>The main innovations introduced by IFRS 17 and IFRS 9</u>

IFRS 17 "Insurance contracts", applicable from 1 January 2023, introduces new valuation criteria and accounting rules for insurance products, replacing IFRS 4, an "interim" Standard issued in 2004, which provided for the application of local accounting practices, potentially different from each other, leading to a difficult comparison of the financial results of companies.

The main innovations introduced by IFRS 17, the new International Standard on insurance contracts, are summed up below:

- the accounting of the capital and economic amounts relating to insurance contracts will be closely related to the criteria for grouping the contracts themselves by similar characteristics (so-called "Unit of Account");
- the valuation of insurance liabilities must be carried out at current values, weighted for the probability of realisation and discounted to take into account the time value of money, the characteristics of cash flows and the liquidity characteristics of insurance contracts;
- the adjustment for non-financial risk (so-called "Risk Adjustment") must be estimated and represented separately from the liability for cash flows expected to meet the contractual obligations;
- the expected profit implicit in the insurance contracts in the portfolio (so-called "Contractual Service Margin") must be represented in the company's balance sheet and recognized in the income statement, according to systematic methods (so-called "Coverage Unit") over the entire period of insurance coverage in the case of profitable contracts or recognized in the income statement at the date of subscription of the contracts in the event that these are expensive;
- The income statement will be represented by margin, insurance and investment. In particular, the insurance margin must be represented as the difference between the estimated expected value of the contractual flows and those actually realized by the insurance coverage offered;
- the measurement of insurance quantities can be carried out using three evaluation models: the General Model, the Variable Fee Approach and the Premium Allocation Approach. The first model is the general model applicable to all insurance contracts, the Premium Allocation Approach is a simplification of the general model applicable to insurance contracts of less than 12 months or, under certain conditions, to contracts with a duration of more than one year, the Variable Fee Approach is applicable, finally, to those contracts that contain elements of discretionary participation;
- the disclosures on the presentation of the results have been expanded in order to make the financial statements of insurance companies as comparable as possible;
- Finally, specific rules have been introduced for the management of the transition to IFRS 17. In detail, the principle introduces the Full Retrospective Approach, which provides for the

redetermination of the balances of the opening balance sheet as at 1 January 2022 as if this had always been applied, the Modified Retrospective Approach, which provides for the possibility of using simplifications relating mainly to the level of aggregation, the discount rate, the recognition of the Contractual Service Margin with initial recognition of contracts and the allocation of costs and revenues and the Fair Value Approach, which can only be used if the first two methods are not feasible.

The main changes introduced by IFRS 9 are summed up below:

- the classification and measurement of financial assets will be carried out according to the business model and the characteristics of the contractual cash flows of the instrument;
- with reference to impairment, we move from an "incurred" loss model to an expected loss model with the introduction of a new concept of staging allocation;
- the new Hedge Accounting model aligns hedging operations more closely with risk management processes.

<u>Estimation of impacts deriving from the adoption of IFRS 17 and IFRS 9</u>

The table presented below shows an initial estimate of the impact on the consolidated shareholders' equity as at 1 January 2022, equal to 15,174 thousand euro (net of tax impact):

Shareholders' Equity Reconciliation	(€/000)
Consolidated Shareholders' Equity as at 1 January 2022 before application of new IFRS 17 and IFRS 9	**842,671**
IFRS 17 Impact (before taxation)	**15,566**
Direct NON-LIFE Business	62,111
Ceded NON-LIFE Business	(163)
Direct LIFE Business	(43,784)
Ceded LIFE Business	(2,598)
IFRS 9 Impact (before taxation)	**(392)**
Valuation at Fair Value of non-insurance credits and ECL change	(392)
Consolidated Shareholders' Equity as at 1 January 2022 after application of new IFRS 17 and IFRS 9	**857,845**

In light of the methodological choices adopted, the following impacts on the Group's shareholders' equity should be noted:

- Positive impact net of the tax effect of 15,566 thousand euro due to the currency exchange of insurance liabilities from IFRS 4 to IFRS 17; the tax impacts on these adjustments were calculated using a tax rate of 30.82%.

- Negative impact of 392 thousand euro net of tax, due to the application of IFRS 9 mainly due to the recognition of a higher expected loss on loans linked to non-insurance receivables that were booked at nominal value and that under IFRS 9 are measured at fair value and amortized cost.

Liabilities

When first applying, for the purposes of determining insurance liabilities, the Group defined the following:

Non-life Portfolio

The non-life business is valued using the Premium Allocation Approach model, both for insurance contracts issued and for contracts sold in reinsurance and, consequently, the calculation of the Contractual Service Margin is not required pursuant to IFRS 17, but only of the loss component if the group of contracts is onerous. Therefore, at the time of first application, the insurance liability for residual coverage approximates the pro-rata premium reserve. In addition, the existing portfolio was considered in a single cohort (2021).

Life Portfolio

The life portfolio for the insurance contracts issued was assessed using the Fair Value Approach (FVA) method envisaged by the principle. The method involves assessing the market value of the portfolio on date. Vittoria's choice was to use a Market Partecipant View approach, i.e. calculating the value of the portfolio as the value of an economic transaction with the object of the passage of the obligations held by the Company on the date. Furthermore, with regard to aggregation by cohort, for contracts with discretionary participation characteristics, falling within the scope of the Variable Fee Approach measurement model, the Group has opted for the non-application of the annual cohort requirement, as required by Commission Regulation EU 2021/2036.

Contracts without discretionary participation characteristics, evaluated with the General Model measurement model, were divided into annual cohorts (2021, 2020 and earlier). Following the application of the above-mentioned method, there was a Contractual Service Margin of 65,998 thousand euro pre-tax.
For contracts sold under reinsurance, on the basis of the analyses carried out in terms of eligibility, the Group opted for the application of the Premium Allocation Approach without the annual cohort requirement.

Assets

The application of IFRS9 in the FTA had no impact on consolidated shareholders' equity, as according to IAS39 the entire portfolio was already determined at Fair Value. The different allocation of securities resulted in a reclassification from AFS reserve to earnings carry-over for securities now valued at FVTPL and OCI reserve for securities that are now classified as AFS.

In detail, during the first application of IFRS 9, the Group reclassified its securities portfolio as follows:

- Held to Maturity (HTM) securities under IAS 39: at the date of first application, the Group does not hold securities belonging to this class of securities in its portfolio;
- Held for Trading (HFT) securities under IAS 39: at the date of first application, the Group holds only one security in this class that has been classified as FVTPL with the Other business model;
- for *Available for Sale* (AFS) securities under IAS 39: a distinction should be made between:
    - Equity securities: considering the purpose of managing investments, it is established that the OCI option will be exercised (an option that provides that at the initial recognition it is possible to decide to irrevocably suspend subsequent changes in the value of equity securities and realizations in the Statement of Comprehensive Income) on all positions held in the portfolio;
    - Funds: fully allocated to Held to collect and Sell as Business Model, and FVTPL as accounting allocation;
    - Bonds: fully attributed to Held to collect and Sell as Business Model, and classified FVOCI Debt where they pass the SPPI test, differently attributed to FVTPL.
      The impacts described above derive from the methodological choices in terms of classification and evaluation of insurance contracts that the company has adopted

during the implementation project of the two International Standards. These choices are briefly summarised in the following paragraphs.

Insurance contracts falling within the scope of IFRS 17

In terms of scope, the new International Standard on Insurance Contracts does not differ substantially from IFRS 4, therefore, IFRS 17 applies to all contracts that fall under the definition of insurance contract which includes:

- the insurance contracts, including reinsurance contracts, which it issues,
- the reinsurance contracts it holds,
- investment contracts with discretionary holding elements that it issues, provided that the entity also issues insurance contracts.

Furthermore, in the event that an insurance contract includes one or more components with non-insurance characteristics that, if considered individually, would fall within the scope of other International Standards, it will be necessary to separate the contract into its various components (the so-called "unbundling") and account for these components according to other Standards.
In light of the analyses carried out, both in terms of the classification of insurance contracts and in consideration of the criteria on the separation of non-insurance components, the Group does not expect impacts deriving from the scope of application of IFRS 17 compared to what is already provided for by IFRS 4.
In detail and in line with the previous Standard on insurance contracts, all contracts included in the Non-Life portfolio and in the Life portfolio fall within the definition of insurance contract, and therefore subject to the measurement criteria of IFRS 17; Exceptions are Unit-linked and Pension Fund policies, also linked to Multi-class contracts, which fall within the scope of IFRS 9. This choice was made on the basis of the characteristics of existing contracts; in particular, the Unit components that contain a demographic risk component of less than 1%, are included in the evaluations according to the principle IFRS9.

Aggregation levels

The Standard provides that, for measurement purposes, insurance and reinsurance contracts must be aggregated into groups with homogeneous characteristics.
Specifically, groups will be determined by identifying portfolios of contracts subject to "similar risks" if and, therefore, "jointly managed" and by dividing each portfolio into annual cohorts.
With reference to the aggregation of contracts falling within the Non-Life business, the Group has identified the first level of aggregation of insurance contracts through Lob Solvency II, defining the minimum level of aggregation of insurance contracts through the technical branch (or tariff sector for Lob 4 RCA) or an aggregate of technical branches on the basis of qualitative and quantitative rules identified in terms of the nature of the underlying business. The definition of the annual cohort, on the other hand, is identified on the basis of the year relating to the date of initial recognition of the bond by the Company.

With reference to the aggregation of contracts included in the life business, the Group considered it appropriate to define the portfolios of insurance contracts through the Guarantee LoBs (borrowed from Solvency II) together with the Guarantee Fund (for contracts linked to Separate Management). For the definition of the minimum level of aggregation of insurance contracts, the Group has planned to use the combination of Guarantee LoBs (Solvency II), the guarantee fund and the product.
For contracts with elements of discretionary participation, in accordance with the provisions of EU Regulation 2021/2036, the Group considered it appropriate not to apply the annual cohort requirement. For life contracts without elements of discretionary participation, the annual cohort is identified on the basis of the year relating to the initial recognition, i.e. the effective date of the policy.

Contractual limits

In accordance with IFRS 17, the measurement of a group of insurance contracts includes all cash flows contained within the contractual limits of each insurance contract included in a group.

Contracts relating to direct employment

Cash flows for insurance contracts are included in the coverage period if they arise from material rights and obligations existing during the reporting period for which the Company may oblige the policyholder to pay premiums or has a material obligation to provide the insurance service to the policyholder.
Groups of insurance contracts are initially recognised:

- when the coverage period begins, i.e. the period in which the entity provides the services of the insurance contract. This period includes insurance contract services that relate to all premiums within the coverage period of the insurance contract;
- when the first payment by an insured is due (or actually received, if there is no due date); and from the earliest possible date when the group of contracts is onerous, if facts and circumstances indicate that the group is onerous.

The Insurance Company shall include in an existing group only those contracts that individually meet one of the above criteria. The Insurance Company may include other contracts in a group after the end of the reporting period, provided that all group contracts have been issued within one year. This could result in a change in the discount rate compared to the initial recognition of the group of contracts.
The cash flows included in the contractual limits are those directly related to the fulfillment of the contract and those over which the Company has discretion.
With reference to the Non-Life business, the Group has decided to consider as annual the contracts that provide for the possibility for the Insurance Company to redefine the pricing of the contract at the end of each year of coverage in line with the provisions of the Standard. With regard to the Life business, the Group applies the rules regarding contractual limits on the consideration of contract renewals and annuity conversions by leveraging Solvency II metrics.

Contracts relating to the work transferred

For contracts relating to the transferred work, cash flows are included in the coverage period if they derive from material rights and obligations existing in the reporting period.
A group of reinsurance contracts shall be recognised from the earliest possible time between:

- the beginning of the coverage period of the group of reinsurance contracts held;
- the date on which the entity takes over an onerous group of insurance contracts, if the entity entered into the reinsurance contract related to the group of reinsurance contracts held on or before that date.

The Insurance Company shall delay the recognition of a group of reinsurance contracts if they provide prorated coverage until the initial recognition date of any underlying insurance contract, if that date is later than the beginning of the coverage period of the reinsurance contract group.

Insurance contract measurement models

As stated above, IFRS 17 provides that insurance contracts can be valued using the General Model, the Premium Allocation Approach and the Variable Fee Approach. On the basis of the characteristics of the contracts, the Group has made the evaluation choices summed up below.
With reference to contracts linked to the Life business, the Group has identified the General Model measurement model for the non-revaluable Business and the Variable Fee Approach measurement model for contracts with discretionary participation. It should be noted that the logic underlying the mechanisms defined in the Variable Fee Approach measurement model replaces the Shadow Accounting practice envisaged by IFRS 4, as both insurance liabilities and the underlying investments covering them are measured at current values; any changes in the fair value of the underlying investments covering the liabilities will be reflected in the measurement of expected contractual flows, which will define the liability for residual hedging and the Contractual Service Margin.

Given the above, at the time of the initial recognition, the Group measures the group of contracts as the sum of:

- expected future cash flows measured taking into account the time value of money and financial risk and incorporating in an unbiased and undistorted manner all reasonable and demonstrable information that is available without excessive cost or effort in terms of amount, timing and uncertainties of such flows;

- adjustment for non-financial risk;
- margin on contractual services.

The Group uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows into a large number of possible economic scenarios applied to financial variables, such as interest rates and equity returns. In order to ensure market consistency, financial assets are determined at their fair value and the related flows are calibrated to generate an expected "risk neutral" return. To ensure this consistency and exclude arbitrage possibilities, the Parent Company has used a risk-neutralization approach for fixed income securities based on the probability of default implied by market prices. The estimate of the possible default is deducted from future expected flows in order to guarantee a present value aligned with the initial Fair Value.

At each balance sheet date, the book value of the group of contracts will be the sum of the residual hedging liability and the liability for claims that have occurred.
The residual hedging liability includes:

- cash flows of fulfillment that refer to services that will be provided under contracts in future periods;
- adjustment for non-financial risks; and
- the margin on contractual services on the date.

For the life business, the liability for claims that occurred has been approximated to the reserve for sums payable under statutory law.
With regard to the details on Risk Adjustment and the Contractual Service Margin, please refer to the following paragraphs.

With reference to reinsurance contracts and contracts relating to direct non-life work, the Group has opted for the application of the Premium Allocation Approach measurement model. This orientation has been defined in line with the requirements of the principle, on the basis of a materiality and quantitative analysis from the results of which it is considered that:

- the volume of contracts with a duration of more than one year is not material;
- the effects on the residual hedging liability arising from the application of the Premium Allocation Approach represent a reasonable approximation of the effects on the same reserve that would have been obtained through the application of the General Model.
- The measurement model of the Premium Allocation Approach provides for the recognition of only the liability for residual hedging excluding the adjustment for the Risk Adjustment and Contractual Service Margin.

The residual liability is recognized in the income statement according to systematic logic due to the contractual coverage period. With regard to the systemic choice for liability release, the Group has decided to adopt the pro-rata temporis method; therefore, the methods for recognizing revenues are similar to what happens with the accounting of the "Premium Reserve" on the basis of IFRS 4.
The Liability for Claims Occurred includes cash flows realized for claims that have occurred and expenses that have not yet been paid, including claims that have occurred but have not yet been reported.

<u>Discount rate – Time value of money</u>

IFRS 17 requires to adjust the estimates of expected cash flows to reflect the time value of money and the financial risk associated with cash flows where cash flow is not already incorporated into cash flow estimates.
The discount rate must:

- reflect the time value of money, the characteristics of cash flows and the liquidity characteristics of insurance contracts;
- be consistent with the observable current market prices (if any) of financial instruments whose cash flows have characteristics corresponding to those of insurance contracts, for example, in terms of maturities, currency and liquidity;
- exclude the effect of factors which, though influencing observable market prices, do not affect future cash flows of insurance contracts;
- reflect such variability, if cash flows vary as a function of the returns of the underlying financial items.

With regard to the definition of the discount rate, the Group has adopted, both for the Life Business and Non-Life Business, a bottom-up approach and therefore the rate has been determined using a risk-free curve, to which an adjustment is applied (Volatility Adjustment) aimed at reflecting the characteristics of the Insurance Company's portfolio (Entity Specific). In particular, the same Volatility Adjustment considers the illiquidity premium that reflects the differences between the liquidity characteristics of the financial instruments on the market used for the construction of the risk-free curve and the liquidity characteristics of insurance contracts. The Group has separately estimated the illiquidity premium for the non-life business.

Risk Adjustment

Risk Adjustment is the compensation that an entity would require to withstand the uncertainty in the amount and timing of financial cash flows due to non-financial risk. The Risk Adjustment measure is represented by a value in percentage terms calculated on the present value of cash outflows.
IFRS 17 does not require the use of a specific method to calculate the Risk Adjustment.
In this context, for both the Non-Life and Life businesses, the Group considered the cost of capital approach to represent an appropriate approximation to estimate the Risk Adjustment. Therefore, the Group will determine it with the same logic as the Risk Margin Solvency, calculating the amount as an application to future outflows of a specially calculated percentage.

Contractual Service Margin

The Contractual Service Margin represents the expected profit, not yet realized, recorded at issue as an insurance liability and recognized in the Income Statement during the life of the unit of account, according to the service rendered defined on the basis of a release model.
In the event that the group of insurance contracts is onerous at the initial recognition date, or the difference between incoming and outgoing cash flows is negative, the Company must recognize a loss in the income statement for the amount represented by the net flow, thus determining a book value of the liabilities equal to the amount of the fulfillment flows and a Contractual Service Margin of the group of contracts equal to zero.
At the time of initial recognition, the Contractual Service Margin will be equivalent, in methodological and quantitative terms, both in the case of application of the General Model and the Variable Fee Approach. These models are divided, however, in subsequent measurements. The simplified Premium Allocation Approach does not provide for the establishment of the Contractual Service Margin.
Following initial recognition, the book value of the Contractual Service Margin of the group of contracts must be restated at each balance sheet date in order to reflect the profit of a group of insurance contracts that has not yet been recognised in the income statement.

For insurance contracts without discretionary participation elements, the book value of the Contractual Service Margin of a group of contracts at the end of the period shall be equal to the book value at the beginning of the reference period adjusted for:

- the effect of new contracts entering the group of insurance contracts;
- the capitalization of interest accrued on the Contractual Service Margin during the period, using the discount rate applied at the time of initial recognition to reflect the time value of the money;
- changes in cash flows related to future insurance services;
- any effects due to changes in the exchange rate on the Contractual Service Margin;
- the amount of the Contractual Service Margin recognized in the income statement relating to the provision of insurance services during the period.

If changes in future cash flows relating to future insurance services exceed the Contractual Service Margin, the Contractual Service Margin will be reset to zero and a loss component will be recognised at the same time.
With regard to insurance contracts with discretionary participation characteristics, the additional element to be considered for the purpose of calculating the Contractual Service Margin in subsequent measurements is represented by the Company's share of the change in the fair value of the assets underlying the insurance contracts, represented by the so-called "Variable Fee".

The Contractual Margin Service release scheme recognised in the income statement at the end of the period is based on the definition of the so-called “Coverage Units”. These Coverage Units represent the amount of insurance services provided, determined by considering for each Unit of Account the amount of benefits provided in the period compared to the expected period of total coverage.
For the Life business, in case of profitable contracts, the amount of Coverage Unit is identified in the size of the Sum Insured not discounted (at the level of the single Unit of Account).

IFRS 9 financial instruments

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement and became effective for periods beginning after 1 January 2018. However, the Group has availed itself of the temporary exemption provided for in the amendment issued in September 2016 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts Amendments to IFRS 4" and will therefore apply IFRS 9 for the first time on 1 January 2023.

Classification of financial assets

The classification of financial assets under IFRS 9 is based on the business model in which the business is managed on the characteristics of contractual cash flows. IFRS 9 provides for three main categories of measurement of financial assets:

- valued at amortised cost;
- measured at fair value with impact on overall profitability (FVOCI);
- measured at fair value recognised in the income statement (FVTPL) – which will replace the previous categories provided for in IAS 39.

A financial asset is valued at amortised cost when it has both the following characteristics and is not designated as valued at FVTPL:

- the financial asset is owned according to a business model whose objective is achieved through the collection of contractually envisaged cash flows ("Held to Collect" Business model), and;
- the contractual terms of the financial activity provide, on certain dates, for cash flows represented solely by payments of principal and interest on the amount of capital to be repaid (so-called "SPPI test" passed).

A financial asset is valued at FVOCI if both the following conditions are met:

- the financial asset is owned according to a business model whose objective is achieved both through the collection of contractually expected cash flows and through the sale (Business model "Held to Collect and Sell"), and;
- the contractual terms of the financial activity provide, on certain dates, for cash flows represented solely by payments of principal and interest on the amount of capital to be repaid (the so-called "SPPI test" passed).

Equity instruments are also included in this item. They are not held for trading purposes, for which, at the time of initial recognition, the option to designate fair value was exercised with an impact on overall profitability.

All other financial assets not classified as financial assets measured at amortised cost or fair value with an impact on overall profitability are included in the category financial assets measured at fair value with impact on income statement, and in particular:

- financial assets held for trading;
- financial assets designated at fair value;
- other financial assets compulsorily measured at fair value such as, in particular, financial assets other than those providing for cash flows at certain dates represented solely by payments of principal and interest on the amount of capital to be repaid and assets that do not have trading purposes but are managed according to other business models.

Under IFRS 9 for implicit derivatives where the host contract is in scope IFRS 9, the break-up value is not required. For hybrid financial instruments, however, valuation and ranking must be determined by considering the instrument as a whole.

IFRS 9 will influence the classification and measurement of financial assets held as of 1 January 2023 as follows:

- all financial instruments measured as "income statement assets" in IAS 39 are classified in the FVTPL category in IFRS 9. In addition, it was considered necessary to classify all financial assets underlying investment contracts as "Assets recognised compulsorily at FV";
- receivables and financial payables that were previously valued at amortised cost have been reclassified in the FVTPL in the case (in case of failure to pass the SPPI test);
- most equity instruments and UCITS that were classified under AFSs in IAS 39 will be measured at FVTPL in IFRS 9. In detail, investment funds (open-ended funds and closed-end funds) have been measured, as required by the principle, at fair value with impact on the income statement, with a consequent future increase in volatility in the income statement for these instruments currently classified among the assets available for sale. With regard to capital instruments, the Group availed itself of the right to exercise the option to classify equity instruments at fair value with allocation to equity (FVTOCI without recycling in the income statement).

Given that most of the Group's financial assets were already accounted for at FV, both before and after the transition to the new standard, the new classification is not expected to have an impact on shareholders' equity as of 1 January 2022/2023.
For the purposes of the SPPI test, the Group has developed an internal model, in accordance with the provisions of the new standard.
The SPPI test verifies whether a financial instrument complies with the characteristics of a traditional loan agreement, i.e. whether the cash flows generated are attributable solely to repayment of principal and interest; The latter must be significantly linked to the concepts of "time value of money" and "credit risk". In the event that the financial instrument passes the SPPI test, it is possible that it is included in the FVOCI or Amortized cost accounting destination, otherwise it must be classified FVTPL.
The developed internal model is represented by a decision tree, which determines the positive or negative outcome of the test according to the characteristics of the financial instrument.

<u>Financial assets - Impairment</u>

IFRS 9 introduced a new impairment model for debt instruments that replaces the "loss incurred" model in IAS 39 with an "expected loss of credit" model.
The new standard outlines a three-stage approach based on the significant increase in credit risk of financial instruments, compared to the initial recognition date:

- Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or which, at the discretion of the entity, present a low credit risk at the balance sheet date (low credit risk exemption);
- Stage 2 includes financial instruments that have had a significant increase in credit risk compared to the initial recognition, but which do not present objective evidence of a reduction in value;
- Stage 3 includes financial assets that present objective evidence of impairment at the balance sheet date.

For financial instruments under Stage 1, the expected loss will be calculated over a time horizon of 12 months. For financial instruments under Stage 2 and Stage 3, it will be calculated on the basis of expected losses on the remaining life of credit exposures. The calculation of interest takes place as in the previous stage. For financial instruments falling under Stage 3, it will be calculated based on the expected loss over the remaining life of the single exposure.
The calculation of interest, in Stage 1 and Stage 2 is based on the gross book value, i.e. without the adjustments related to the expected loss; in Stage 3 it occurs on the net value or the gross load value minus provisions.

To determine whether a financial instrument is low credit risk, an entity may use its internal credit risk ratings or other methodologies consistent with a globally agreed definition of low credit risk, which take into account the risks and type of financial instruments being valued.

The estimate of the expected loss due to credit deterioration or default events takes place through the calculation of the Expected Credit Loss, calculated as:

$$ECL_{debt\ instrument} = PD_{issuer} * LGD_{debt\ instrument} * EAD_{debt\ instrument}$$

For the calculation of the ECL, the Insurance Company decided to implement an internal model to estimate the probability of default (PD). Loss Given Default (LGD) is provided by external databases while Exposure at Default (EAD) is the book value of the issue.
For the purposes of the Stage Allocation, the determination of the Significant Increase in Credit Risk based on internal rating is allowed. As the principle suggests, the rating used for the SA is determined through the Proprietary Model and provides for a maximum differential equal to a single notch in terms of reduced ECAI scale. The rating is initially calculated on the issuer, then a specific analysis is carried out linked to the degree of seniority of the issue. For all subordinated issues, a penalty of one notch of the ECAI rating scale is applied without changing.

The internal rating is determined using a multi-factor model based on issuers' fundamentals. Each metric is assigned a score from 1 to 10 with the aim of calculating a Scorecard for each individual factor; multiplying each score by the weight of each factor, the final score and its associated rating are obtained: this relationship differs according to the specific sectors.

To estimate the probability of internal default, the Merton model is used, based on the structure of an enterprise's financial statements. The main assumption is that default occurs when the value of assets falls below a certain threshold. This model has been modified to estimate the probability of default over the life of the security and not just at maturity.

To calculate the ECL Lifetime, i.e. on a time horizon equal to the residual life of the instrument, the multi-periodic formula has been refined starting from the one-year calculation of the ECL.

Hedge accounting

IFRS 9 introduces a substantially reformed model for hedge accounting that allows, to a greater extent than IAS 39, to reflect the hedging activities carried out as part of risk management strategies in the financial statements. In particular, there is a considerable simplification of the effectiveness requirements. The predetermined thresholds to demonstrate the effectiveness of a coverage relationship (i.e. 80-125% in the current IAS 39) are no longer met, but it is sufficient that:

- there is an economic relationship between the hedging instrument and the hedged item; and
- credit risk should not be the key component of hedged risk (i.e. the change in fair value of the hedging relationship should not be dominated by the credit risk component).

In terms of Hedge Accounting, the Group intends to exercise the right to maintain the accounting model provided for in IAS 39.

Financial liabilities

IFRS 9 largely maintains all the requirements of IAS 39 for the classification and measurement of financial liabilities. However, under IAS 39 all changes in the fair value of liabilities measured at fair value against income were recognised in the income statement, while under IFRS 9 these changes in fair value are disclosed as follows:

- the change in fair value attributable to changes in the credit risk of the liability must be presented in OCI;
- the remaining amount of change in fair value is recognised in the income statement.

The Group expects a non-material impact in relation to the application of the above requirements. The Group values liabilities arising from investment contracts to the FVTPL as they are linked to assets measured at fair value. These investment contracts are linked to the performance of funds and therefore the amount due to policyholders is determined on the basis of specific underlying assets. This suggests that liability risk is a risk related to the performance of the underlying assets and therefore not a credit risk. Hence, the Group does not expect that any residual credit risk could have a significant impact on the fair value of liabilities.

Comparative periods and Overlay Approach

On 9 December 2021, the IASB published an amendment regarding the application of IFRS 9 requirements to comparative periods to allow for alignment of comparative information under IFRS 17 and IFRS 9. This amendment essentially allows the rules in terms of classification and measurement to be applied, in comparative periods for all financial instruments, including those sold during 2022 (so-called "Overlay Approach").

The Group has opted to apply this amendment in the redetermination of the comparative period for both the Non-Life and Life businesses for all financial instruments, in order to produce 2022 comparative information consistent with IFRS 17 and IFRS 9 requirements.

FV Option and OCI Option

The new accounting standards IFRS 17 and IFRS 9 define several valuation criteria for financial assets and insurance liabilities that may reveal accounting asymmetries. In this sense, the two principles provide options to mitigate and reduce these mismatches, in particular:

- IFRS 9 defines the possibility of exercising the Fair Value Option (FVO), i.e. being able to measure financial assets at fair value with impact on the income statement (FVTPL) in order to reduce accounting asymmetry;
- IFRS 17, on the other hand, defines the possibility of choosing an option between:
    - Accounting for financial insurance costs and revenues in the income statement;
    - disaggregate financial insurance costs and revenues between the Income Statement and the comprehensive income statement reserve.

IFRS 17 shows insurance financial income and expenses, like all those changes in the book value of groups of contracts deriving from the effects of the time value of money, financial risk and related changes.

In order to mitigate potential accounting misalignments and the related volatility in the Income Statement, the Group has decided not to apply the FVO required by IFRS 9 but to move towards the application of the breakdown required by IFRS 17.

In light of this choice, the effects on the different evaluation models are shown below:

- For contracts included in the Non-Life business valued using the Premium Allocation Approach model, the amount included in the Total Income Statement will be determined exclusively by the difference between the liability for claims that occurred discounted with the rate at the date of signing the contract (locked-in) and the liability for claims that occurred discounted with the current market rate, as the financial component is not relevant in the measurement of the liability for residual coverage.
- For Life contracts valued using the General Model model, the amount included in the Income Statement will be determined by the difference between the residual hedging liability discounted at the rate at the date of signing of the contract (locked-in) and the residual hedging liability discounted at the current market rate.
- For Life contracts evaluated with the Variable Fee Approach model, adherence to the option entails the cancellation of the net financial result. Therefore, an amount equal to the financial income generated by the assets underlying these insurance contracts will be included in the income statement under insurance borrowing costs. The excess with respect to insurance financial charges recorded in the period will be suspended in the Comprehensive Income Statement.

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, are defined subsidiaries, 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 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 ending December 31, 2022, the process of estimating the market value of real estate assets, among other variables, had to take into account the exceptional macroeconomic scenario in terms of inflation and rising interest rates.

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 CIUs (collective investment undertakings), 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 indicators
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 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, have been used definitions of control, significant influence and joint control as 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.

Non-life business: acquisition costs of long-term contracts, with specific reference to acquisition commissions, are fully charged to the income statement.

Life business: 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 deffered 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 vis-à-vis 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, 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 Dec. 31, 2020, the Company, in the process of developing actuarial statistical methodologies for determining the reserves of the TPL line of business, also considered the impacts resulting from 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:

- Ageing reserve for health insurance (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 premiums written, 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 criterio 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 taken to profit or loss, except for those relating to items that are directly debited or credited to equity, in which case the tax effect is also recognised directly in equity.

Deferred tax assets and liabilities are determined using tax rates that are expected to be applicable, based on the tax rates and tax laws in effect at the balance sheet date, in the years in which the temporary differences will be realized or extinguished.

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

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.

Taxes recognized in the income statement include the positive or negative effect of changes 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.
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.

<u>Life business</u>

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.

<u>Non-life business</u>

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.

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.

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

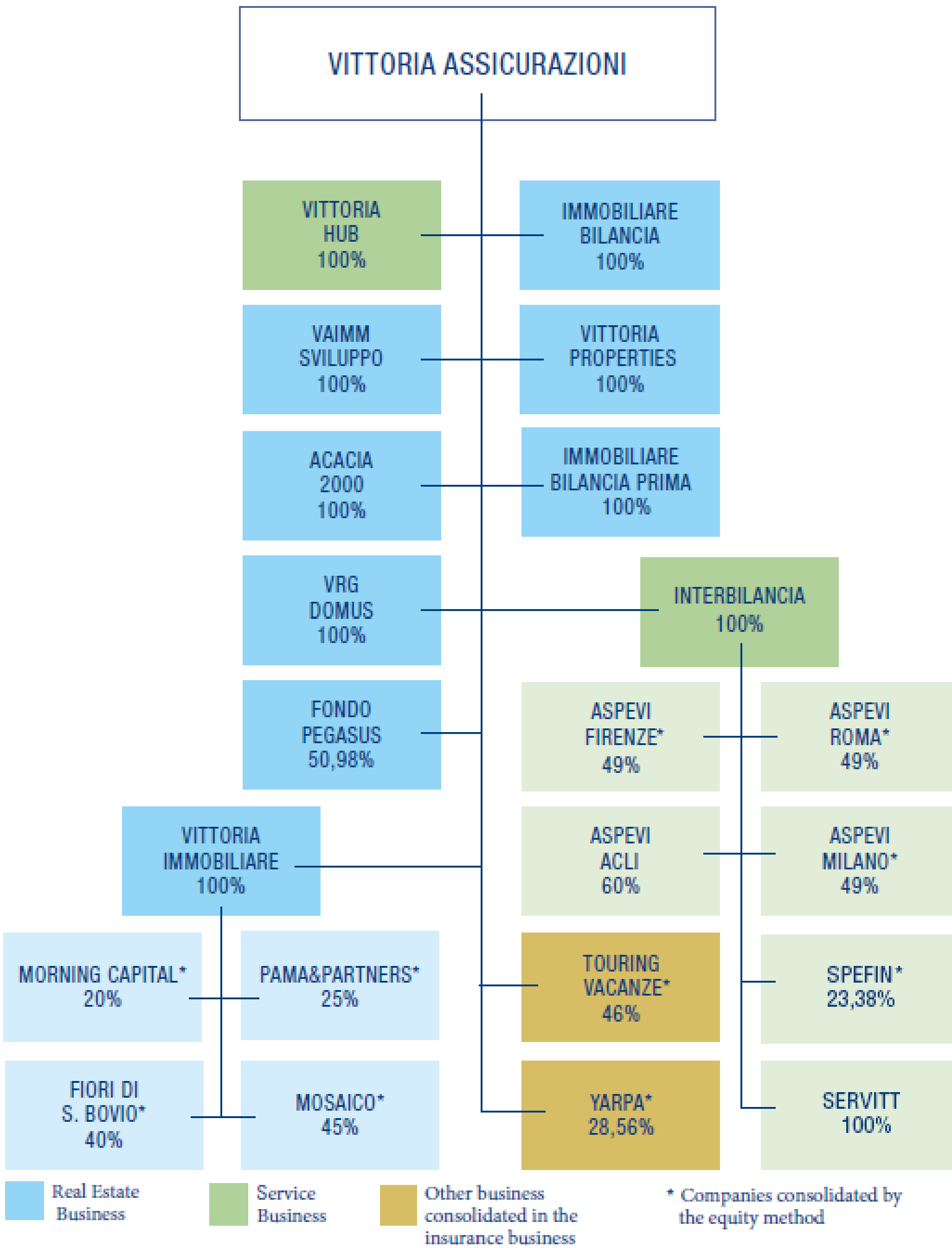
Items expressed in foreign currencies are converted into euro at spot rates. Balance sheet items still existing at year-end are converted at the exchange rate of the last working day of the financial year.

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.r.l.	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.
SERVITT S.r.l.	Milan	150,000		100.00	Interbilancia S.r.l.

Main changes in ownership percentages and other changes during the year

SERVITT S.r.l.
SERVITT S.r.l. was established on January 13, 2022, with headquarters in Milan.
Interbilancia S.r.l. subscribed a share equal to 100% of the share capital

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.
Spefin Finanziaria S.p.A.	Roma	6,000,000		23.38	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 period

Spefin Finanziaria S.p.A.
On January 18, 2023, the capital increase of Spefin Finanziaria S.p.A was finalized, increasing the shareholder Interbilancia's ownership percentage to 23.38 percent. This transaction was brought to the attention of Interbilancia's Board of Directors in the last quarter of FY2022.

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.

(€/000)

Assets	Italy		Europe		Rest of the World		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Debt instruments	387,750	663,298	2,055,832	1,931,188	73,968	84,012	2,517,551	2,678,498
Equity instruments and OEIC units	165,966	145,080	857,611	857,611	-	-	1,023,577	1,002,691
Property	638,237	686,555	-	-	-	-	638,237	686,555
Other assets	1,301,417	1,048,411	-	-	-	-	1,301,417	1,048,411
Total	**2,493,370**	**2,543,344**	**2,913,443**	**2,788,799**	**73,968**	**84,012**	**5,480,782**	**5,416,155**

(€/000)

Deferred costs	Italy North		Italy Centre		Italy South and Islands		Total external deferred costs	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Other property, plant and equipment	11,093	8,409	-	-	-	-	11,093	8,409
Other intangible assets	19,976	13,427	-	-	-	-	19,976	13,427
Owner-occupied property	82,359	84,970	4,865	4,865	-	-	87,224	89,835
Total	**113,428**	**106,806**	**4,865**	**4,865**	**-**	**-**	**118,293**	**111,671**

(€/000)

Revenue (gross of intersegment eliminations)	Italy North		Italy Centre		Italy South and Islands		Europe		Total	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Insurance premiums - direct business	872,717	803,530	468,267	457,145	255,724	255,665	-	178	1,596,708	1,516,518
Trading and construction profits	54	54	1,130	-	-	-	-	-	1,184	54
Services and rent income	19,474	19,536	156	156	-	-	-	-	19,630	19,692
Rentals on investments properties	3,784	3,792	181	179	-	-	-	-	3,965	3,971
Total	**896,029**	**826,912**	**469,734**	**457,480**	**255,724**	**255,665**	**-**	**178**	**1,621,487**	**1,540,235**

Specific explanatory notes

Consolidated Balance Sheet

Note 2	31/12/2022	31/12/2021	Change
Other intangible assets	19,976	13,427	6,549
Other items of property, plant and equipment	11,093	8,409	2,684
Property	331,451	371,353	-39,902

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 31/12/2021	116,524	3,735	8,288	**128,547**
Acquisitions	7,936	3,054	116	11,106
Disposal	-	-	(93)	(93)
Leased assets IFRS 16	(4)	-	-	(4)
Gross carrying amount at 31/12/2022	124,456	6,521	8,311	**139,556**
Accumulated Depreciation at 31/12/2021	106,832	-	8,288	**115,120**
Depreciation	4,535	-	15	4,550
Decrease due to disposals			(93)	(93)
Leased assets IFRS 16	3	-	-	3
Accumulated Depreciation at 31/12/2022	106,379	0	8,210	**119,580**
Net value as at 31/12/2021	**9,692**	**3,735**	**-**	**13,427**
Net value as at 31/12/2022	**13,354**	**6,521**	**101**	**19,976**

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 31/12/2021	4,699	23,746	11,992	1,857	**42,294**
Acquisitions	-	2,608	1,338	57	4,003
Disposals	-	(17)	-	0	(17)
Leased assets IFRS 16	-	-	573	333	906
Gross carrying amount at 31/12/2022	4,699	26,337	13,903	2,247	**47,186**
Accumulated Depreciation at 31/12/2021	4,699	19,496	8,489	1,201	**33,885**
Depreciation	-	1,199	762	107	2,068
Decrease due to disposals	-	(10)	(95)	0	(105)
Leased assets IFRS 16	-	-	(43)	287	244
Accumulated Depreciation at 31/12/2022	4,699	20,685	9,113	1,595	**36,092**
Net value as at 31/12/2021	-	**4,250**	**3,503**	**656**	**8,409**
Net value as at 31/12/2022	-	**5,652**	**4,789**	**652**	**11,093**

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)

Description	31/12/2022	31/12/2021	Change
Owner-occupied property*	87,224	89,835	(2,611)
Property held for trading	234,424	271,715	(37,291)
Property under construction	9,803	9,803	0
Total	**331,451**	**371,353**	**(39,902)**

* of which 12,575 thousand euro leased assets IFRS 16

- Owner-occupied property (by nature)

The book value of real estate assets at 31 December 2022 refers for 1,064 thousand euro to property of the subsidiary Vittoria Properties S.r.l., for 394 thousand euro to property of Vittoria Immobiliare S.p.A. and for 85,766 thousand euro to Vittoria Assicurazioni properties, of which 67,436 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	31/12/2021	Acquisitions	Leased property IFRS 16	Sales	Other Movements	Amortization	31/12/2022
Gross carrying amount	130,684	-	1,081	(115)	29	(1,644)	130,035
Accumulated depreciation	40,849	-	1,962	0	0	-	42,811
Carrying amount	**89,835**	**0**	**(881)**	**(115)**	**29**	**(1,644)**	**87,224**

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 2022 is equal to 137,420 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 the period:

(€/000)

Property	Trading activities	Construction work	Total
Carrying amount as at 31/12/2021	**271,715**	**9,803**	**281,518**
Acquisitions, net of capitalised financial charges	1,105	0	1,105
Sales	(39,580)		(39,580)
Recognised gains (losses) - write off included	1,184		1,184
Carrying amount as at 31/12/2022	**234,424**	**9,803**	**244,227**

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 2022, the current value allocated to level 3 of the fair value hierarchy, is equal to 253,664 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	31/12/2022	31/12/2021	Change
Reinsurers' share of technical reserves	71,704	69,817	1,887

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	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Non-life reserves	66,322	65,363	338	328	66,659	65,691
Premium reserve	14,759	13,137	-	-	14,759	13,137
Claims reserve	51,563	52,226	338	328	51,900	52,554
Life reserves	5,045	4,126	-	-	5,045	4,126
Reserve for payable amounts	28	13	-	-	28	13
Mathematical reserves	4,950	4,058	-	-	4,950	4,058
Other reserves	67	55	-	-	67	55
Total reinsurers' share of technical reserves	71,367	69,489	338	328	71,704	69,817

Note 4	31/12/2022	31/12/2021	Change
Investments properties	306,786	315,202	-8,416

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 2022, allocated to level 3 of the fair value hierarchy, is equal to 351,154 thousand euro and it is determined using the methods of direct income capitalization.

Note 5	31/12/2022	31/12/2021	Change
Investments in subsidiaries and associates and interests in joint-ventures	27,646	20,926	6,720

The breakdown of this item was as follows:

(€/000)

Investments in associates	31/12/2022	31/12/2021
Morning Capital S.r.l.	354	102
Yarpa. S.p.A.	16,625	12,050
Mosaico S.p.A.	199	199
Pama & Partners S.r.l.	528	528
Aspevi Roma S.r.l.	782	696
Aspevi Milano S.r.l.	45	106
Aspevi Firenze S.r.l.	23	21
Fiori di S. Bovio S.r.l.	-	-
Touring Vacanze S.r.l.	7,341	7,224
Spefin S.p.A.	1,749	-
Total carrying amount	**27,646**	**20,926**

The change of 6,720 thousand euro compared with the previous year mainly relates to the reclassification of Yarpa S.p.A. and the entry into the scope of consolidation of Spefin S.p.A., as shown in the following table:

(€/000)

Carrying amount as at 31/12/2021	**20,926**
Reclassifications from investments in subsidiaries to investments in associates	1,749
Spefin S.p.A.	1,749
Change due to equity method measurement	**5,439**
Morning Capital S.r.l.	292
Yarpa. S.p.A.	5,003
Aspevi Roma S.r.l.	86
Aspevi Milano S.r.l.	-61
Aspevi Firenze S.r.l.	2
Touring Vacanze S.r.l.	117
Elimination of dividends	**-468**
Carrying amount as at 31/12/2022	**27,646**

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

(€/000)

	Main financial-economic data							
Denomination	Total asset	Cash and chash equvalents	Total equity and liabilities	Equity	Profit (loss) for the year	Dividends paid out	Costs	Revenues
Yarpa Group S.p.A.	50,317	27,045	2,690	74,672	17,007	1,500	1,873	3,544
Touring Vacanze S.r.l.	17,088	2	1,127	15,960	233		329	485

Note 6	31/12/2022	31/12/2021	Change
Held to maturity investments	0	0	0
Loans and receivables	239,337	227,220	12,117
Financial assets available for sale	3,541,129	3,681,186	-140,057
Financial assets at fair value through profit or loss	257,881	199,271	58,610

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".

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

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 31/12/2021	-	**127,484**	**875,207**	**2,678,495**	**3,681,186**	**198,639**	**632**	**3,880,457**
Acquisitions and subscriptions	-	1,500	158,026	1,634,889	1,794,415	87,731		1,882,146
Sales and repayments	-	-1,523	-77,922	-1,426,605	-1,506,050	-21,215		-1,527,265
Other changes:								
- effective interest adjustments	-			-15,935	-15,935			-15,935
- fair value adjustments		-4,376	-46,307	-338,574	-389,257	-6,723	2	-395,978
- charged to P&L			-6,864	-16,814	-23,678			-23,678
- rate changes	-			2,369	2,369			2,369
- other changes		-1,647	-1	-274	-1,922	-556	-629	-3,107
Carrying amount at 31/12/2022	-	**121,438**	**902,139**	**2,517,551**	**3,541,128**	**257,876**	**5**	**3,799,009**

Loans and receivables

At 31 December 2022, loans and receivables amounted to 239,337 thousand euro (227,220 thousand euro at 31 December 2021).

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 4,557 thousand euro;
- loans granted by Vittoria Assicurazioni to third parties and secured by mortgages for a total of 3,067 thousand euro;
- 115 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 33,972 thousand euro;
- the corresponding entry for Vittoria Assicurazioni's commitments for payments to finance investments in private equity, private debt and infrastructure funds amounted to 156,725 thousand euro (150,023 thousand euro at 31 December 2021). The related commitments are recorded under "Other financial liabilities" in note 18;
- term deposit for 29,300 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	239,337	239,337
Financial assets available for sale	3,541,128	3,541,128
Financial assets held for trading	5	5
Financial assets at fair value through profit or loss	257,876	257,876
Total	**4,038,346**	**4,038,346**

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 2022 of 78,565 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	31/12/2022	31/12/2021	Change
Receivables relating to direct insurance	235,885	223,735	12,150

The breakdown of this item was as follows:

(€/000)

Receivables relating to direct insurance	31/12/2022	31/12/2021
Premiums due from policyholders	87,450	76,050
Receivables due from brokers and agents	105,635	109,788
Receivables due from insurance companies - current accounts	8,252	7,860
Amounts to be recovered from policyholders and third parties	34,548	30,037
Total	**235,885**	**223,735**

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 premiums written but not collected.

Note 8	31/12/2022	31/12/2021	Change
Receivables relating to reinsurance business	1,321	5,217	-3,896

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	31/12/2022	31/12/2021	Change
Other receivables	94,551	84,690	9,861

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 80,628 thousand euro and other receivables mainly from clients and third parties paid by the real estate companies for 5,557 thousand euro.

Note 10	31/12/2022	31/12/2021	Change
Deferred acquisition costs	10,600	8,389	2,211

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

Note 11	31/12/2022	31/12/2021	Change
Deferred tax assets	144,188	99,661	44,527

The item included deferred tax assets pertaining to Vittoria Assicurazioni for 129,610 thousand euro, to the real estate segment and to the service segment for 11,086 thousand euro, plus those relating to consolidation adjustments for 748 thousand euro.

(€/000)

Deferred tax assets	31/12/2022
Provision for bad debts	13,695
Financial assets	60,465
Non-life claims reserves	39,866
Provisions Charges	8,386
Tangible asset depreciation	571
Tax benefit appropriation of property revaluation	5,080
Prepaid commissions	269
Remunerations of Directors	324
Write-off on real estate	7,219
Employee benefits	1,072
Goodwill	278
Other	6,963
Total	**144,188**

Note 12	31/12/2022	31/12/2021	Change
Current tax assets	81,265	28,220	53,045

The item mainly includes tax receivables from Tax Authorities for 18,531 thousand euro for tax credits on mathematical reserves in accordance with D.L. 209/2002 and credits for IRES and IRAP advances totaling 24,146 thousand euro.

Note 13	31/12/2022	31/12/2021	Change
Other assets	84,131	42,095	42,036

The item mainly includes deferred commission expense related to investment contracts for 13,364 thousand euro, prepaid expenses referring mainly to general expenses for 6,546 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 7,733 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 51,950 thousand euro.

Note 14	31/12/2022	31/12/2021	Change
Cash and cash equivalents	21,838	17,337	4,501

The item refers to bank deposits of 21,829 thousand euros and cash balances of 9 thousand euros.

Note 15	31/12/2022	31/12/2021	Change
Equity attributable to shareholders of the parent	645,270	842,671	-197,401
Equity attributable to minority interests	44,150	46,651	-2,501

The other changes are shown in the "Statement of changes in equity".

The following table details the breakdown of equity:

BREAKDOWN OF EQUITY	31/12/2022	31/12/2021	Change
Total equity attributable to the shareholders of the parent	**645,270**	**842,671**	**-23.4%**
Share capital	67,379	67,379	0.0%
Equity-related reserves	13,938	13,938	0.0%
Income-related and other reserves	653,869	583,197	12.1%
Fair value reserve	-165,038	76,831	**n.v**
Other gains or losses recognised directly in equity	343	13	n.v
Group profit for the year	74,779	101,313	-26.2%
Total equity attributable to minority interests	**44,150**	**46,651**	**-5.4%**
Share capital and reserves attributable to minority interests	42,305	44,854	-5.7%
Minority interests' profit for the year	1,845	1,797	2.7%
Total consolidated equity	**689,420**	**889,322**	**-22.5%**

At 31 December 2022 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 30,417,208 Euro for FY 2021, unchanged for FY 2022.

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.

Changes in the "Fair value reserve" (i.e. gains or losses on available-for-sale financial assets") are detailed in the following table:

A) Net unrealised gains	Gross amount	Tax impact	Net amount (€/000)
31/12/2021	**144,831**	**-30,787**	**114,044**
Decrease due to sales	-23,679	6,108	**-17,571**
Decrease due to fair value changes	-370,549	91,768	**-278,781**
Total change for the period/year	**-394,228**	**97,876**	**-296,352**
31/12/2022	**-249,397**	**67,089**	**-182,308**

B) Shadow accounting reserve	Gross amount	Tax impact	Net amount (€/000)
31/12/2021	**53,791**	**-16,578**	**37,213**
Change in shadow accounting reserve	-78,754	24,271	**-54,483**
31/12/2022	**-24,963**	**7,693**	**-17,270**

Gains or losses on financial assets AFS (€/000)

Combined effect A) - B)	Gross amount	Tax impact	Net amount
31/12/2021	**91,040**	**-14,209**	**76,831**
Decrease due to sales	-23,679	6,108	-17,571
Decrease due to fair value changes	-370,549	91,768	-278,781
Change in shadow accounting reserve	78,754	-24,271	54,483
Total change for the period/year	**-315,474**	**73,605**	**-241,869**
31/12/2022	**-224,434**	**59,396**	**-165,038**

The following table, which refers to 31 December 2022, 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 tominority interest	
	Equity gross of profit of the year	2022 profit	Equity gross of profit of the year	2022 profit
Vittoria Assicurazioni's financial statements compliant with Italian GAA	706,101	62,540		
IFRS adjustments (net of related tax effects)	(101,860)	16,389		
Vittoria Assicurazioni's financial statements based on IFRSs	604,241	78,929	-	-
Consolidated companies' equity	444,370	(873)	50	1
Allocation of consolidation differences and eliminations	12,292	1,643		
Consolidated companies' carrying value	(428,210)			
Minority interest	(42,305)	(1,844)	42,255	1,844
Profits not yet attributed to Life policyholders	(779)			
Deffered taxes on consolidated companies' results	2,042	(2,016)		
Other items*	(21,160)	(1,060)		
IFRS-compliant consolidated financial statements	**570,491**	**74,779**	**42,305**	**1,845**

*of which YAM dividend elision of 17,241 thousand euros

Note 16	31/12/2022	31/12/2021	Change
Provisions	29,803	56,709	-26,906

The change in this item compared with the previous year is mainly due to provisions to cover risks linked to the indirect effects of the Covid 19 pandemic.
The Group's real estate companies have made provisions to guard against industry-related risks.

The table below shows the changes in the item:

(€/000)

Provisions	**31/12/2021**	**Accruals of the year**	**Utilisations of the year**	**31/12/2022**
Provision for costs to be incurred	1	-	-1	**0**
Other provisions	56,708	8,103	(35,008)	**29,803**
Total	**56,709**	**8,103**	**(35,009)**	**29,803**

Note 17	31/12/2022	31/12/2021	Change
Technical reserves	3,713,500	3,509,080	204,420

The following table shows the breakdown of technical reserves.

(€/000)

	Direct business		Indirect business		Total carrying amount	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Non-life reserves	**1,885,316**	**1,748,418**	**823**	**812**	**1,886,139**	**1,749,230**
Premium reserve	458,181	436,482	37	33	458,218	436,515
Claims reserve	1,426,726	1,311,527	786	779	1,427,512	1,312,306
Other reserves	409	409	-	-	409	409
Life reserves	**1,827,361**	**1,759,850**	**-**	**-**	**1,827,361**	**1,759,850**
Reserve for payable amounts	11,770	14,810	-	-	11,770	14,810
Mathematical reserves	1,832,102	1,683,300	-	-	1,832,102	1,683,300
Other reserves	-16,511	61,740	-	-	-16,511	61,740
Total technical reserves	**3,712,677**	**3,508,268**	**823**	**812**	**3,713,500**	**3,509,080**

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

The Life “Other reserves” item mainly consisted of:

- 7,273 thousand euro = reserve of management expenses;
- - 23,836 thousand euro = reserve for deferred liabilities to policyholders (of which -24,962 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 1,592 thousand euro (1,631 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 1,082 thousand euro (817 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.
The amount also includes 727 thousand euros relating to the guaranteed segment of class VI

The mathematical reserves also include the additional provisions for time lag (paragraph 23 of ISVAP Regulation No. 22/2008) amounting to 3 thousand euro (89 thousand euro in the previous year).
The mathematical reserves also include the reserve for retained earnings (paragraph 38-bis of Annex 14 of IVASS Regulation no. 22/2008) amounting to 1,820 thousand euro, determined by the net realized capital gains not allocated to the financial result of the Separate Internal Fund Vittoria Obiettivo Rendimento (1,496 thousand euro in the previous year)

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 Reserves	Carrying amount
Carrying amount at 31/12/2021	**1,312,306**
Change for the year	115,206
Carrying amount at 31/12/2022	**1,427,512**

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 1,035 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.
Different deterministic valuation methods of different nature were identified in order to have a more precise monitoring of the dynamics of claims evolution, also taking into account the impacts on the variables used in the development of reserve determination models arising from the pandemic environment:

- 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 2010-2022 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 31/12/2021	**1,683,300**
Portfolio transfers	-1,285
Change for the year	150,087
Carrying amount at 31/12/2022	**1,832,102**

Key actuarial assumptions concerning Life technical reserves are detailed below:

(€/000)

Risk category	Capital sums, annuities	Technical reserves	Year of issue	Technical basis financial	Technical basis demographic
Temporary	5,624,243	29,558	1990 - 1997	4%	SIM 81
			1998 - 2001	3% - 4%	SIM 91
			2001 - 2007	3%	SIM 91 at 70%
			2008 - 2011	3%	SI 91 at 50% and 70%
			2012 - 2014	3%	SIM 2001 at 90%- 65%
			since 2015	2%	SIM 2001 at 90%- 65%
Adjustable	1	7	1969 - 1979	3%*	SIM 51
Indexed	-	39	1980 - 1988	3%*	SIM 51
Other types	159	90			
Revaluable	1,752,536	1,802,187	1988 - 1989	3%*	SIM 71
			1990 - 1996	4%*	SIM 81
			1997 - 1999	3%*	SIM 91
			2000 - 2011	1,5% - 2%*	SIM 81-91
			2012 - 2014	2%	SIM 2001 at 80%
			2014 - 2015	1%	SIM 2001 at 70%
			since 2015	0%	SIM 2001 at 70%
L.T.C.	73,094	6,489	2001 - 2004	3%	(1)
			2004 - 2011	3%	(2)
			since 2012	3%	(3)
Pension fund	28,303	27,676	since 1999	---	---
Unit Linked	212,075	210,547	1998 - 2014	0%	SIM 91
			since 2015	0%	SIM 2001
AIL Rivalutabile	294	297	1986 - 1998	4%*	SIM 51
			1999 - 2004	3%*	SIM 81
Total business lines	**7,690,706**	**2,076,891**			

* 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 3.48%; 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 from Insurers' studies

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

Note 18	31/12/2022	31/12/2021	Change
Financial liabilities at fair value through profit or loss	237,222	196,209	41,013
Other financial liabilities	539,823	537,570	2,253

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 2022:

(€/000)

	Benefits relating to unit-linked and index-linked policies	Benefits relating to pension fund management	Total
Carrying amount at 31/12/2021	**164,233**	**31,977**	**196,210**
Investment of net fund assets	81,098	-432	80,665
Profits attributable to policyholders	-23,005	-3,597	-26,601
Amounts paid	-12,102	-950	-13,052
Carrying amount at 31/12/2022	**210,224**	**26,998**	**237,222**

Other financial liabilities

The item includes:
- Reinsurance deposits of 7,519 thousand euro;
- Bank credit lines for 5,863 thousand euro;
- Vittoria Assicurazioni's commitment for payment of 156,725 thousand euro (150,023 thousand euro as at 31 December 2021) 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 14,398 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, 2022 of the non-convertible subordinated bond loan issued by the Company is equal to 100.562 euro. The book value referred to the remaining financial liabilities represents a good approximation of the fair value.

Note 19	31/12/2022	31/12/2021	Change
Payables arising from direct insurance business	5,856	13,878	-8,022

The breakdown of the item was as follows:

(€/000)

Payables arising from direct insurance business	31/12/2022	31/12/2021
Payables to insurance brokers and agents	2,213	7,298
Payables to insurace companies - current accounts	1,682	4,854
Segregated fund performance: Vittoria Previdenza	1,961	1,726
Total	**5,856**	**13,878**

Note 20	31/12/2022	31/12/2021	Change
Payables arising from reinsurance business	22,501	13,549	8,952

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	31/12/2022	31/12/2021	Change
Other sums payable	89,289	78,697	10,591

The breakdown of the item was as follows:

(€/000)

Other sums payable	31/12/2022	31/12/2021
Payments on accounts received by real estate companies for preliminary	356	708
Trade payables	25,867	23,109
Payables to employees	3,868	3,844
Employee benefits - provisions for termination benefits	2,022	2,369
Policyholders' tax due	29,532	28,992
Sundry tax liabilities (withholdings)	2,794	3,180
Social security charges payable	4,948	4,069
Payables to associate companies	1,060	332
Sundry payables	18,842	12,094
Segregated fund performance: Vittoria Previdenza	**89,289**	**78,697**

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 31/12/2021	1,848	2,369	2,630	**6,848**
Accruals	144	10	0	**154**
Utilizations	(57)	(357)	(80)	**(493)**
Other changes (exchange rate gains or losses, acquisitions)	(395)	0	-	**(395)**
Carrying amount at 31/12/2022	1,541	2,023	2,550	**6,113**

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	144	10	(80)	**74**
Interest	(38)	- 63	-	**(101)**
Net actuarial gains	(413)	(294)	-	**(707)**
Total charges	(308)	(347)	(80)	**(735)**

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:	5.9% (2023), 2.3% (2024), 2% (2025)
- Annual technical actualization rate (for the purpose of termination benefits)	3.63%
- Annual technical actualization rate (for the purpose of Healthcare services and Seniority bonuses)	3.63% - 3.77%
- Annual rate of severance payment increment	Inflation + 1%
- Annual rate of growth of remuneration (for the purpose of calculating seniority premiums)	Inflation + 1%
- Annual rate of growth of the average reimbursement (for the purpose of calculating health services)	5.9% (2023), 2.3% (2024), 2% (2025)

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	31/12/2022	31/12/2021	Change
Deferred tax liabilities	26,072	49,101	-23,029

The item includes deferred tax liabilities allocated to the insurance business for 22,944 thousand euro, the real estate and services business for 1,390 thousand euro, and elimination entries 1,738 thousand euro, mainly in regard to fair value adjustment of the assets owned by associates and subsidiaries acquired over the past few years.

(€/000)

Deferred tax liabilities	31/12/2022
Alignement with fair value of assets held by investee companies acqu	3,378
Defferal of gains on the sale of financial instruments	636
Coverage derivative	4,957
Derecognition of the catastrophe reserves	7,622
Integration of Life insurance liabilities	7,693
Other	1,786
Total	**26,072**

Note 23	31/12/2022	31/12/2021	Change
Current tax liabilities	146	1,020	-874

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	31/12/2022	31/12/2021	Change
Other liabilities	127,150	71,019	56,131

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 25,442 thousand euro (21.693 in the previous year), the deferred commission income of 1,987 thousand euro connected with investment contracts (1,238 in the previous year), invoices and notes to be received from suppliers totalling 7,464 thousand euro (7,587 in the previous year), the liabilities for defined benefits and other long-term employee benefits (health benefits and seniority benefits) for 4,091 thousand euro (4,478 in the previous year), and sums relating to the margins set up as collateral on the basis of forward sale contracts for government securities in favor of the Company signed with certain counterparties, amounting to 64,470 thousand euro.

Consolidated Income Statement

Note 25	31/12/2022	31/12/2021	Change
Gross premiums	1,575,111	1,500,956	74,155
Ceded premiums for reinsurance	73,326	52,474	20,852
Amounts paid and change in technical reserves	1,174,728	1,042,840	131,888
Reinsurers’ share	-35,949	-39,731	3,782

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

(€/000)

		31/12/2022				31/12/2021			
		Non-life business	Life business	Intersegment eliminations	Total	Non-life business	Life business	Intersegment eliminations	Total
NET PREMIUMS		**1,232,328**	**269,457**	**-**	**1,501,785**	**1,197,236**	**251,245**	**-**	**1,448,481**
Gross premiums		**1,303,440**	**271,671**	**-**	**1,575,111**	**1,247,882**	**253,073**	**-**	**1,500,955**
Gross premiums written		1,325,142	271,671	-	1,596,813	1,263,544	253,073	-	1,516,617
a	Direct business	1,325,038	271,671	-	1,596,709	1,263,445	253,073	-	1,516,518
b	Indirect business	104	-	-	104	99	-	-	99
Change in premium reserve		-21,702	-	-	-21,702	-15,662	-	-	-15,662
a	Direct business	-21,698	-	-	-21,698	-15,661	-	-	-15,661
b	Indirect business	-4	-	-	-4	-1	-	-	-1
Ceded premiums		**71,112**	**2,214**	**-**	**73,326**	**50,646**	**1,828**	**-**	**52,474**
Gross premiums ceded		72,734	2,214	-	74,948	51,632	1,828	-	53,460
a	Outward reinsusrance	72,734	2,214	-	74,948	51,632	1,828	-	53,460
Change in premium reserve		-1,622	-	-	-1,622	-986	-	-	-986
a	Outward reinsusrance	-1,622	-	-	-1,622	-986	-	-	-986
NET CHARGES RELATING TO CLAIMS		**851,451**	**287,328**	**-**	**1,138,779**	**725,189**	**277,920**	**-**	**1,003,109**
Amounts paid and change in technical reserves		**886,336**	**288,392**	**-**	**1,174,728**	**764,311**	**278,529**	**-**	**1,042,840**
Direct business		886,351	288,392	-	1,174,743	764,364	278,529	-	1,042,893
Indirect business		-15	-	-	-15	-53	-	-	-53
Shadow accounting of investee companies' profits		-	-	-	-	-	-	-	-
Reinsurers' share		**34,885**	**1,064**	**-**	**35,949**	**39,122**	**609**	**-**	**39,731**
Outward reinsurance		34,897	1,064	-	35,961	39,122	609	-	39,731
Retrocession		-12	-	-	-12	-	-	-	-

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:

- Amounts paid: 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	31/12/2022	31/12/2021	Change
Commission income	5,648	3,099	2,549

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

Note 27	31/12/2022	31/12/2021	Change
Gains or losses on financial instruments at fair value through profit or loss	18,749	5,472	13,277
Gains on investments in subsidiaries and associates and interests in joint ventures	8,054	-353	8,407
Gains or losses on other financial instruments and investment property	112,663	107,278	5,385
Losses on investments in subsidiaries and associates and interests in joint ventures	6,028	3,601	2,427
Losses on other financial instruments and investment property	55,621	39,811	15,810

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 FY22 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 31/12/22	Gains 31/12/21	Losses 31/12/22	Losses 31/12/21
Investment property	21,321	34,427	14,294	14,315
Held to maturity investments	-	270	-	-
Loans and receivables	230	252	-	-
Financial assets available for sale	90,257	71,777	23,099	7,330
Other receivables	632	537	-	-
Cash and cash equivalents	223	15	-	-
Other financial liabilities	-	-	18,228	18,166
Total	**112,663**	**107,278**	**55,621**	**39,811**

Note 28	31/12/2022	31/12/2021	Change
Other income	46,587	10,481	36,106

The following table details the breakdown of this item:

(€/000)

Other income	31/12/22	31/12/21
Trading profits	1,184	54
Revenue from owner-occupied property	30	-
Revenue from services: insurance commission income with third parties	100	-
Revenue from services: other revenue from services	2,478	580
Rent income	7,230	5,024
Technical income on insurance contracts	33,448	3,467
Gains on the sale of property, plant and equipment	-	36
Exchange rate gains	88	57
Incidental non-operating income	1,071	377
Other income	958	886
Total	**46,587**	**10,481**

Technical income on insurance contracts refer for 2,777 thousand euro (1,527 thousand euro at 31/12/2021) to reversal of commissions on cancelled premiums and for 3,339 thousand euro (1,670 thousand euro at 31/12/2021) to other technical items, mainly consisting of recovers on knock-for-knock claims settlement costs.

Note 29	31/12/2022	31/12/2021	Change
Commission expense	4,663	2,166	2,467

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	31/12/2022	31/12/2021	Change
Commissions and other acquisition costs	286,945	277,360	9,585
Investment management costs	1,911	1,910	1
Other administrative costs	62,418	59,350	3,068

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	31/12/2022	31/12/2021
Acquisition commissions	233,264	219,139
Other acquisition costs	58,083	59,079
Change in deferred acquisition costs	-2,211	-1,340
Premium collection commissions	7,795	6,897
Profit participation and other commissions received from reinsurers	-9,986	-6,415
Total	**286,945**	**277,360**

Note 31	31/12/2022	31/12/2021	Change
Other costs	33,013	37,378	-4,365

The breakdown of this item was as shown below:

(€/000)

Other costs	31/12/2022	31/12/2021
Technical costs on insurance contracts	14,447	10,885
Accruals to the provision for bad debts	-	9,210
Foreign-exchange losses	119	60
Incidental non-operating costs	82	815
Annual depreciation & amortisation	9,015	5,854
Negative margins from property depreciation	-	-
Losses on non insurance receivables	1,358	13
Accruals to the provision for risks and charges	7,953	11,528
Commissions from services sector	35	-
Other costs	4	-987
Total	**33,013**	**37,378**

Technical costs on insurance contracts refer to technical write-offs and losses on unrecoverable premiums and related bad-debt provisioning for 13,228 thousand euro (9,618 thousand euro as at 31/12/2021) and to services supporting insurance covers and costs for premiums under litigation for 1,219 thousand euro (1,267 thousand euro as at 31/12/2021).

The provision for risks and charges were made mainly to cover charges attributable to normal company operations and for commercial policies aimed at performing ever-better customer service.

Note 32	31/12/2022	31/12/2021	Change
Income taxes	27,514	46,664	-19,150

Of this item 21.641 thousand euro related to current taxes and 5,873 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.

Reconciliation between the tax charge recognised in the financial statements and theoretical tax charge

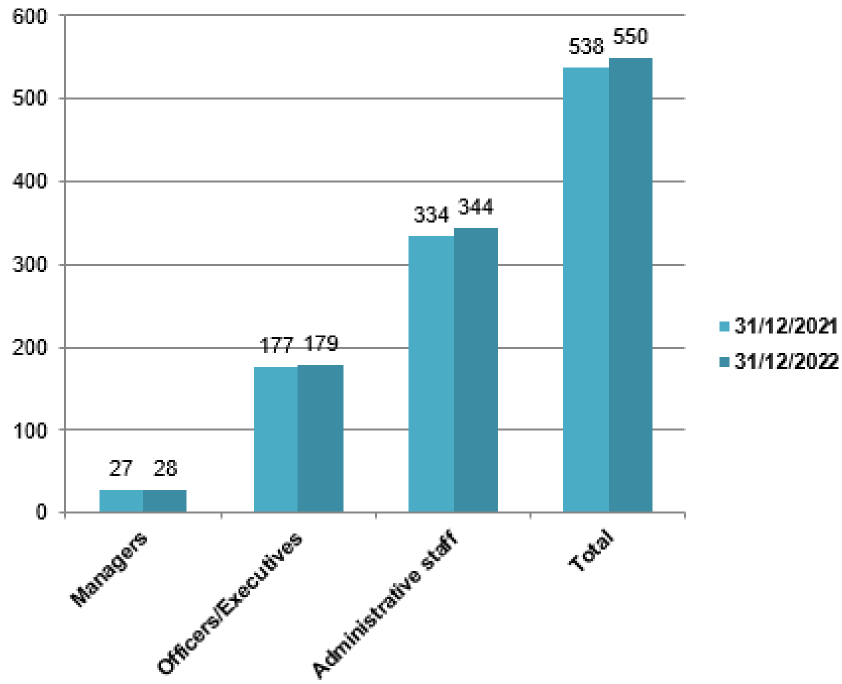
(€/000)

	Taxable base	Tax		
	IRES	actual	theoretical	tax rate
IRES				
Profit before taxation	104,138		24,993	24.00%
Temporary differences deductible in sunsequent years	132,467	31,792		30.53%
Revaluation of associates under the equity method	-5,374	-1,290		-1.24%
Participating interest impairment	0	0		0.00%
Dividends received	-6,709	-1,610		-1.55%
Interests, expenses and other taxes indeductible	5,171	1,241		1.19%
Other captions	-12,962	-3,111		-2.99%
Total Change	112,594	27,022	24,993	25.94%
Current ordinary taxable base	216,732	52,015		49.95%
IRES total current	216,732	52,015		49.95%

Other disclosures

Employees

Employees of Vittoria Assicurazioni and of fully consolidated companies numbered 557 at 31 December 2022 vs. 542 present as at 31 December 2021.
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 2021							
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	Insurance	121,605	107,640	13,957	28,543	93,030	20,479	3,013	23,407

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 grants were received from the Public Administration for FY 2021.

Hedge accounting

In October 2020, 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 2022 was positive 20,654 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 20,654 thousand euro.
The hedge at 31 December 2022 is effective as the ratios between the respective fair value changes remain within the 80%-125% range.
The economic effects pertaining to the 2022 financial year are negative for 18,746 thousand euro as regards the change in fair value of the underlying assets and positive for 18,746 thousand euro as regards the change in fair value of the derivative.

Tax status

The Company confirmed the option for the National Tax Consolidation regime (Article 117 et seq. of the Presidential Decree no. 917 of 22 December 1986) with the 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.and Vittoria Hub S.r.l. and the company exercised the option with subsidiaries Immobiilare Bilancia Prima S.r.l. and Servitt. S.r.l..
The option is confirmed with the same structure for the year 2023.

With reference to the year 2022, the Company confirmed the option for VAT payment at Group level pursuant to Ministerial Decree of 13.12.1979, along with the subsidiaries Vittoria Immobiliare, Acacia 2000 S.r.l., VRG Domus S.r.l., Vittoria Properties S.r.l., Immobiliare Bilancia S.r.l., Vaimm Sviluppo S.r.l. and Vittoria Hub S.r.l.

The option is confirmed with the same structure for the year 2023 and it was exercised, for the same year, also with the subsidiaries Immobiliare Bilancia Prima S.r.l. and Servitt S.r.l.

During 2019, the Company was subject to a tax inspection by the Italian Tax Authorities for the fiscal years 2014 and 2015, which resulted in VAT disputes. As of this report, the Italian Tax Authorities notified the tax assessment notice and formal penalty notices for the year 2014, and the Company challenged both measures before the Milan CTP (the expert appointed by the parties). Subsequently, the Company closed the notice of assessment through judicial conciliation while the act of contestation of the penalties was cancelled in self-defence by the tax authorities. Nothing has been notified for 2015 or subsequent years at the time of writing.

The Board of Directors

Milan, 22 February 2023

Annexes to Consolidated 2022 financial statements

Vittoria Assicurazioni S.p.A.
Consolidated financial statements at 31 December 2022

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.r.l.	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
SERVITT S.r.l.	Italy		G	11	-	100.00	100.00	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.

Consolidation scope

	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	16,625
Touring Vacanze S.r.l.	Italy		10	b	46.00	46.00	46.00	7,341
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	45
Aspevi Roma S.r.l.	Italy		11	b	-	49.00	49.00	782
Aspevi Firenze S.r.l.	Italy		11	b	-	49.00	49.00	23
Morning Capital S.r.l.	Italy		11	b	-	20.00	20.00	354
Spefin Finanziaria S.p.A.	Italy		11	0	-	23.38	23.38	1,749

Balance sheet by business and business line

(€/000)

		Non-life business		Life business		Real estate business		Service business		Intersegment eliminations		Total	
		31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21
1	**INTANGIBLE ASSETS**	**18,540**	**12,372**	**1,402**	**988**	**34**	**67**	**0**	**0**	**0**	**0**	**19,976**	**13,427**
2	**PROPERTY, PLANT AND EQUIPMENT**	**78,415**	**78,606**	**15,624**	**15,962**	**245,506**	**281,934**	**25**	**22**	**2,974**	**3,238**	**342,544**	**379,762**
3	**REINSURERS' SHARE OF TECHNICAL RESERVES**	**66,660**	**65,691**	**5,044**	**4,126**	**0**	**0**	**0**	**0**	**0**	**0**	**71,704**	**69,817**
4	**INVESTMENTS**	**2,571,535**	**2,549,176**	**1,962,219**	**2,072,089**	**284,137**	**281,526**	**2,598**	**3,099**	**-447,710**	**-462,085**	**4,372,779**	**4,443,805**
4.1	Investment property	39,100	39,804	18,487	18,950	249,199	256,448	0	0	0	0	306,786	315,202
4.2	Investments in subsidiaries and associates and interests in joir	432,663	434,348	19,514	28,636	1,081	829	2,598	823	-428,210	-443,710	27,646	20,926
4.3	Held to maturity investments	0	0	0	0	0	0	0	0	0	0	0	0
4.4	Loans and receivables	205,365	202,705	115	266	33,857	24,249	0	0	0	0	239,337	227,220
4.5	Financial assets available for sale	1,894,407	1,871,690	1,666,222	1,825,595	0	0	0	2,276	-19,500	-18,375	3,541,129	3,681,186
4.6	Financial assets at fair value through profit or loss	0	629	257,881	198,642	0	0	0	0	0	0	257,881	199,271
5	**OTHER RECEIVABLES**	**301,051**	**294,118**	**26,277**	**25,334**	**7,185**	**6,405**	**792**	**325**	**-3,548**	**-12,540**	**331,757**	**313,642**
6	**OTHER ASSETS**	**122,603**	**91,975**	**180,459**	**71,891**	**14,633**	**12,029**	**134**	**108**	**2,355**	**2,362**	**320,184**	**178,365**
6.1	Deferred acquisition costs	0	0	10,600	8,389	0	0	0	0	0	0	10,600	8,389
6.2	Other assets	122,603	91,975	169,859	63,502	14,633	12,029	134	108	2,355	2,362	309,584	169,976
7	**CASH AND CASH EQUIVALENTS**	**3,993**	**2,531**	**3,631**	**3,101**	**12,945**	**10,488**	**1,269**	**1,217**	**0**	**0**	**21,838**	**17,337**
	TOTAL ASSETS	**3,162,797**	**3,094,469**	**2,194,656**	**2,193,491**	**564,440**	**592,449**	**4,818**	**4,771**	**-445,929**	**-469,025**	**5,480,782**	**5,416,155**
1	**EQUITY**											**689,420**	**889,322**
2	**PROVISIONS**	**18,442**	**48,712**	**3,835**	**3,835**	**7,302**	**3,938**	**224**	**224**	**0**	**0**	**29,803**	**56,709**
3	**TECHNICAL RESERVES**	**1,886,139**	**1,749,230**	**1,826,235**	**1,758,724**	**0**	**0**	**0**	**0**	**1,126**	**1,126**	**3,713,500**	**3,509,080**
4	**FINANCIAL LIABILITIES**	**433,594**	**430,429**	**242,132**	**202,023**	**101,262**	**101,262**	**57**	**65**	**0**	**0**	**777,045**	**733,779**
4.1	Financial liabilities at fair value through profit or loss	0	0	237,222	196,209	0	0	0	0	0	0	237,222	196,209
4.2	Other financial liabilities	433,594	430,429	4,910	5,814	101,262	101,262	57	65	0	0	539,823	537,570
5	**PAYABLES**	**105,159**	**92,701**	**11,329**	**10,827**	**4,351**	**15,105**	**355**	**31**	**-3,548**	**-12,540**	**117,646**	**106,124**
6	**OTHER LIABILITIES**	**53,846**	**61,685**	**85,828**	**51,457**	**10,991**	**6,613**	**82**	**34**	**2,621**	**1,352**	**153,368**	**121,141**
	TOTAL EQUITY AND LIABILITIES											**5,480,782**	**5,416,155**

(€/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	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Net premiums	1,232,328	1,197,239	269,457	251,243	0	0	0	0	0	0	1,501,785	1,448,482
Gross premiums	1,303,440	1,247,884	271,671	253,072	0	0	0	0	0	0	1,575,111	1,500,956
Ceded premiums	71,112	50,645	2,214	1,829	0	0	0	0	0	0	73,326	52,474
Commission income	0	0	5,648	3,099	0	0	0	0	0	0	5,648	3,099
Gains or losses on remeasurement of financial instruments at fair value through profit or loss	0	629	18,749	4,843	0	0	0	0	0	0	18,749	5,472
Gains on investments in subsidiaries and associates and interests in joint ventures	7,726	422	0	0	302	-954	26	179	0	0	8,054	-353
Gains on other financial instruments and investment property	37,936	25,134	57,321	65,711	17,393	16,433	12	0	0	0	112,663	107,278
Other income	34,803	5,450	1,450	226	10,287	5,045	231	27	-184	-267	46,587	10,481
TOTAL REVENUE	**1,312,793**	**1,228,874**	**352,625**	**325,122**	**27,982**	**20,524**	**269**	**206**	**-184**	**-267**	**1,693,486**	**1,574,459**
Net charges relating to claims	851,452	725,189	287,327	277,920	0	0	0	0	0	0	1,138,779	1,003,109
Amounts paid and change in technical reserves	886,338	764,311	288,390	278,529	0	0	0	0	0	0	1,174,728	1,042,840
Reinsurers' share	-34,886	-39,122	-1,063	-609	0	0	0	0	0	0	-35,949	-39,731
Commission expense	0	0	4,633	2,166	0	0	0	0	0	0	4,633	2,166
Losses on investments in subsidiaries and associates and interests in joint ventures	0	3,601	0	0	0	0	1,236	0	4,792	0	6,028	3,601
Losses on other financial instruments and investment property	18,594	19,319	23,240	7,194	12,662	12,147	0	26	1,125	1,125	55,621	39,811
Operating costs	321,597	314,319	18,926	16,574	9,968	7,314	967	605	-184	-192	351,274	338,620
Other costs	25,823	32,488	923	630	6,219	5,155	48	107	0	-1,002	33,013	37,378
TOTAL COSTS	**1,217,466**	**1,094,916**	**335,049**	**304,484**	**28,849**	**24,616**	**2,251**	**738**	**5,733**	**-69**	**1,589,348**	**1,424,685**
PROFIT FOR THE YEAR BEFORE TAXATION	**95,327**	**133,958**	**17,576**	**20,638**	**-867**	**-4,092**	**-1,982**	**-532**	**-5,917**	**-198**	**104,138**	**149,774**

Breakdown of other comprehensive income

(€/000)

	Allocation		Reclassification to profit or loss		Other Changes		Total Changes		Taxes		Balance	
	31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21
Other comprehensive income, net of taxes without reclassification to profit or loss	**329**	**90**			**0**	**0**	**329**	**90**	**147**	**-26**	**342**	**13**
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	329	90			0	0	329	90	147	-26	342	13
Other items	0	0			0	0	0	0	0	0	0	0
Other comprehensive income, net of taxes with reclassification to profit or loss	**-224,299**	**15,732**	**-17,569**	**-9,930**	**0**	**0**	**-241,868**	**5,802**	**-73,606**	**4,604**	**-165,037**	**76,831**
Change in translation reserve	0	0	0	0	0	0	0	0	0	0	0	0
Gains or losses on available for sale investments	-224,299	15,732	-17,569	-9,930	0	0	-241,868	5,802	-73,606	4,604	-165,037	76,831
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	**-223,970**	**15,822**	**-17,569**	**-9,930**	**0**	**0**	**-241,539**	**5,892**	**-73,460**	**4,578**	**-164,695**	**76,844**

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			
	31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21
Equity and derivative instruments measured at cost	0	0	0	0	20,020	20,043	0	0	0	0	20,020	20,043
Equity instruments at fair value	0	0	0	0	101,418	107,441	0	0	1,800	2,815	103,218	110,256
of which listed	0	0	0	0	36,338	39,745	0	0	1,797	2,814	38,135	42,559
Debt securities	0	0	0	0	2,517,551	2,678,495	5	3	9,004	1,700	2,526,560	2,680,198
of which listed	0	0	0	0	2,513,050	2,677,793	5	4	9,004	1,700	2,522,059	2,679,497
OEIC units	0	0	0	0	902,139	875,207	0	0	204,580	182,263	1,106,719	1,057,470
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	81,826	76,357	0	0	0	0	0	0	81,826	76,357
Non-hedging derivatives	0	0	0	0	0	0	0	629	0	0	0	629
Hedging derivatives	0	0	0	0	0	0	0	0	20,654	2,429	20,654	2,429
Other financial assets	0	0	157,511	150,863	0	0	0	0	21,838	9,432	179,349	160,295
Total	**0**	**0**	**239,337**	**227,220**	**3,541,129**	**3,681,186**	**5**	**632**	**257,876**	**198,639**	**4,038,347**	**4,107,677**

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 31/12/2022	Net gains and costs/losses 31/12/2021
								Valuation capital gains	Write-backs	Valuation capital losses	Write-downs			
Investments		**35,372**	**71,620**	**15,742**	**15,810**	**25,166**	**81,894**	**20,136**	**0**	**32,316**	**1,125**	**-13,305**	**68,589**	**96,826**
a	Investment property	0	21,167	6,426	154	0	14,895	0	0	7,868	0	-7,868	7,027	20,111
b	Investments in subsidiaries and associates and interests in joint ventures	0	8,054	6,028	0	0	2,026	0	0	0	0	0	2,026	-3,953
c	Held to maturity investments	0	0	0	0	0	0	0	0	0	0	0	0	270
d	Loans and receivables	229	0	0	0	0	229	0	0	0	0	0	229	252
e	Financial assets available for sale	34,362	41,630	0	14,266	21,974	68,284	0	0	0	1,125	-1,125	67,159	64,448
f	Financial assets held for trading	0	0	0	0	0	0	2	0	0	0	2	2	624
g	Financial assets at fair value through profit or loss	781	769	3,288	1,390	3,192	-3,540	20,134	0	24,448	0	-4,314	-7,854	15,074
Other receivables		**632**	**0**	**0**	**0**	**0**	**632**	**0**	**0**	**0**	**0**	**0**	**632**	**537**
Cash and cash equivalents		**223**	**0**	**0**	**0**	**0**	**223**	**0**	**0**	**0**	**0**	**0**	**223**	**15**
Financial liabilities		**-18,228**	**0**	**0**	**0**	**0**	**-18,228**	**0**	**0**	**-26,601**	**0**	**26,601**	**8,373**	**-28,393**
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	0	0	-26,601	0	26,601	26,601	-10,226
c	Other financial liabilities	-18,228	0	0	0	0	-18,228	0	0	0	0	0	-18,228	-18,166
Payables		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total		**17,999**	**71,620**	**15,742**	**15,810**	**25,166**	**64,521**	**20,136**	**0**	**5,715**	**1,125**	**13,296**	**77,817**	**68,985**

Breakdown of technical reserves

(€/000)

	Direct business		Indirect business		Total carrying amount	
	31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21
Non-life reserves	**1,885,316**	**1,748,418**	**823**	**812**	**1,886,139**	**1,749,230**
Premium reserve	458,181	436,482	37	33	458,218	436,515
Claims reserve	1,426,726	1,311,527	786	779	1,427,512	1,312,306
Other reserves	409	409	0	0	409	409
of which posted following liability adequacy testing	-	-	-	-	-	-
Life reserves	**1,827,361**	**1,759,850**	**0**	**0**	**1,827,361**	**1,759,850**
Reserve for payable amounts	11,770	14,810	0	0	11,770	14,810
Mathematical reserves	1,832,102	1,683,300	0	0	1,832,102	1,683,300
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund managment	-	-	-	-	-	-
Other reserves	-16,511	61,740	0	0	-16,511	61,740
of which posted following liability adequacy testing	-	-	-	-	-	-
of which deferred liabilities to policyholders	-23,836	54,917	0	0	-23,836	54,917
Total technical reserves	**3,712,677**	**3,508,268**	**823**	**812**	**3,713,500**	**3,509,080**

Breakdown of reinsurers' share of technical reserves

(€/000)

	Direct business		Indirect business		Total carrying amount	
	31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21
Non-life reserves	**66,322**	**65,364**	**338**	**328**	**66,660**	**65,692**
Premium reserve	14,759	13,137	0	0	14,759	13,137
Claims reserve	51,563	52,227	338	328	51,901	52,555
Other reserves	0	0	0	0	0	0
Life reserves	**5,044**	**4,125**	**0**	**0**	**5,044**	**4,125**
Reserves for payable amounts	28	13	0	0	28	13
Mathematical reserves	4,949	4,057	0	0	4,949	4,057
Technical reserves where investment risk is borne by policyholders and reserves arising from pension fund management	-	-	-	-	-	-
Other reserves	67	55	0	0	67	55
Total reinsurers' share of technical reserves	**71,366**	**69,489**	**338**	**328**	**71,704**	**69,817**

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					
	31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21
Participating non-equity instruments	0	0	0	0	0	0	0	0
Subordinated liabilities	0	0	0	0	253,997	253,576	253,997	253,576
Liabilities from financial contracts issued by insurers arising from:	0	0	237,222	196,210	0	0	237,222	196,210
Contracts where policyholders bear investment risk	0	0	210,224	166,663	0	0	210,224	166,663
Pension-fund management	0	0	26,998	29,547	0	0	26,998	29,547
Other contracts	0	0	0	0	0	0	0	0
Deposits received from reinsurers	0	0	0	0	7,519	6,873	7,519	6,873
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	107,126	112,500	107,126	112,499
Non-hedging derivatives	0	0	0	0	0	0	0	0
Hedging derivatives	0	0	0	0	0	0	0	0
Other financial liabilities	0	0	0	0	171,181	164,621	171,181	164,621
Total	0	0	237,222	196,210	539,823	537,570	777,045	733,780

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	
		31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21
Assets and liabilities measured at fair value on a recurring basis									
Financial assets Available for sale		3,447,739	3,586,915	14,826	16,081	78,565	78,190	3,541,130	3,681,186
Financial assets at fair value through profit or loss	Financial assets held for trading	5	632	-	-	-	-	5	632
	Financial assets at fair value through profit or loss	237,222	196,210	20,654	2,429	-	-	257,876	198,639
Investment Property			-		-		-	-	-
Tangible assets			-		-		-	-	-
Intangible assets			-		-		-	-	-
Total assets measured at fair value on a recurring basis		**3,684,966**	**3,783,757**	**35,480**	**18,510**	**78,565**	**78,190**	**3,799,011**	**3,880,457**
Financial liabilities at fair value through profit or loss	Financial liabilities held for trading	-	-	-	-	-	-	-	-
	Financial liabilities at fair value through profit or loss	237,055	195,526	167	683	-	-	237,222	196,209
Total liabilities measured at fair value on a recurring basis		**237,055**	**195,526**	**167**	**683**	-	-	**237,222**	**196,209**
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	**78,190**				
Purchases/ Issues	5,307				
Sales/Repurchases	-1,522				
Redemptions	0				
Gains or losses charged to profit and loss	-1,125				
- of which unrealised gains/losses	0				
Gains or losses charged to other comprehensive income	0				
Moves to Level 3	0				
Moves to other Levels	0				
Other changes	-2,285				
Closing balance	**78,565**				

Detail of insurance technical items

(€/000)

		31/12/2022			31/12/2021		
		Gross amount	Reinsurer's share of amount	Net amount	Gross amount	Reinsurers' share of amount	Net amount
Non-life business							
NET PREMIUMS		**1,303,440**	**71,112**	**1,232,328**	**1,247,884**	**50,645**	**1,197,239**
a	Premiums written	1,325,142	72,734	1,252,408	1,263,544	51,631	1,211,913
b	Change in premiums reserve	21,702	1,622	20,080	15,660	986	14,674
NET CLAIMS COSTS		**886,338**	**34,886**	**851,452**	**764,311**	**39,122**	**725,189**
a	Amounts paid	789,958	35,770	754,188	722,016	36,616	685,400
b	Change in claims reserves	115,185	-662	115,847	61,328	2,544	58,784
c	Change in recoveries	18,805	222	18,583	19,033	38	18,995
d	Change in other technical reserves	0	0	0	0	0	0
Life business							
NET PREMIUMS		**271,671**	**2,214**	**269,457**	**253,072**	**1,829**	**251,243**
NET CLAIMS COSTS		**288,390**	**1,063**	**287,327**	**278,529**	**609**	**277,920**
a	Amounts paid	139,734	145	139,589	107,407	41	107,366
b	Change in reserve for amounts to be paid	-3,041	15	-3,056	-6,241	0	-6,241
c	Change in mathermatical reserves	151,194	891	150,303	177,123	562	176,561
d	Change in technical reserves when investment risk is borne by policyholders and in reserves arising from pension fund management	0	0	0	0	0	0
e	Change in other technical reserves	503	12	491	240	6	234

Breakdown of insurance operating costs

(€/000)

		Non-life business		Life business	
		31/12/22	30/12/21	31/12/22	30/12/21
Gross commissions and other acquisition costs		**282,195**	**271,409**	**14,737**	**12,367**
a	Acquisition commissions	223,905	210,261	9,360	8,878
b	Other acquisition costs	52,577	54,938	5,506	4,141
c	Change in deferred acquisition costs	0	0	-2,211	-1,340
d	Premium collection commissions	5,713	6,210	2,082	688
Profit participation and other commissions received from reinsurers		**-9,539**	**-6,049**	**-447**	**-366**
Investment management costs		**1,844**	**1,843**	**67**	**67**
Other administrative costs		**47,097**	**47,116**	**4,569**	**4,506**
Total		**321,597**	**314,319**	**18,926**	**16,574**

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2022

Breakdown of property, plant and equipment and intangible assets

(€/000)

	At cost	Deemed cost or fair value	Total carrying amount
Investment property	306,786	-	**306,786**
Other property	331,452	-	**331,452**
Other items of property, plant	11,092	-	**11,092**
Other intangible assets	19,976	-	**19,976**

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	
	31/12/22	31/12/21	31/12/22	31/12/21	31/12/22	31/12/21
On-balance sheet assets	210,223	166,663	26,999	29,547	237,222	196,210
Infragroup assets *	0	0	0	0	0	0
Total assets	**210,223**	**166,663**	**26,999**	**29,547**	**237,222**	**196,210**
On-balance sheet liabilities	210,223	166,663	26,999	29,547	237,222	196,210
On-balance sheet technical reserves	0	0	0	0	0	0
Infragroup liabilities*	0	0	0	0	0	0
Total Liabilities	**210,223**	**166,663**	**26,999**	**29,547**	**237,222**	**196,210**

* Assets and liabilities eliminated in consolidation process

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2022
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 31/12/2022 of reclassified assets		Fair Value at 31/12/2022 of reclassified assets		Reclassified Assets during 2022		Reclassified Assets up to 31/12/2022		Reclassified Assets during 2022		Reclassified Assets up to 31/12/2022	
from	to			Reclassified Assets during 2022	Reclassified Assets up to 31/12/2022	Reclassified Assets during 2022	Reclassified Assets up to 31/12/2022	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	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Assets										
Held to maturity investments	0	0	-	-	-	-	-	-	-	-
Loans and receivables	239,337	227,220		-		-	239,337	227,220	239,337	227,220
Investments in subsidiaries and associates and interests in joint ventures	27,646	20,926		-		-	27,646	20,926	27,646	20,926
Investment property	306,786	315,202		-		-	350,455	353,336	350,455	353,336
Tangible assets	331,451	371,353		-		-	391,084	423,696	391,084	423,696
Total assets	905,220	934,701	-	-	-	-	1,008,522	1,025,178	1,008,522	1,025,178
Liabilities										
Other financial liabilities	539,823	537,570	230,079	266,043	-	-	285,826	283,994	515,905	550,037

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	-	44,099	200,160	187,229	-	101,262	89,961	3,761	-	-

Vittoria Assicurazioni S.p.A.
Consolidated financial statements as at 31 December 2022
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

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(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 2022, 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 2022 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 2022 include property and investment property of €331.5 million and €306.8 million, respectively. Property and investment property account for 11.6% 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 policies" section of the notes to the consolidated financial statements, in 2022, the directors have estimated the property's fair value taking into account the unprecedented macroeconomic scenario caused by the inflation and the increase of interest rates. Moreover, they considered any available offers received from market operators.	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 cause by inflation and the increase of interest rates; • 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; • discussing any sales negotiations underway with the parent's management; • assessing the appropriateness of the disclosures about investments in group companies.

Key audit matter	Audit procedures addressing the key audit matter
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 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.	

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 2022 include financial instruments of €4,065.9 million, accounting for about 74.2% of total assets. Available-for-sale financial assets make up 87.1% of financial instruments (bonds and other fixed-income securities of €2,517.6 million, units of funds and alternative investment funds of €902.1 million and equity investments of €121.4 million), whereas loans and receivables, financial assets at fair value through profit or loss and equity investments account for 5.9%, 6.3% and 0.7%, 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.	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; • 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 listed financial instruments in portfolio at 31 December 2022; • checking, on a sample basis, the measurement of unquoted financial instruments 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 2022 include technical provisions of €3,713.5 million, accounting for about 67.8% 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 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.

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 2022 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 2022 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 2022 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, 4 April 2023

KPMG S.p.A.

(signed on the original)

Maurizio Guzzi
Director of Audit