Unipol
GRUPPO

2022
Solvency and Financial Condition Report

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Unipol Group

Solvency and Financial Condition Report

2022

Translation from the Italian original solely for the convenience of international readers

CONTENTS

Introduction

This "Solvency and Financial Condition Report" was prepared in application:

– of the provisions on disclosure to the public set forth in Articles 290-303 of Title I, Ch. XII, and Articles 359-364 of Delegated regulation EU No. 35/2015 ("Regulation"), supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance ("Directive");

– of the implementing Regulation (EU) 2015/2452, 2 December 2015, laying down implementing technical standards with regard to the procedures, formats and templates of the solvency and financial condition report in accordance with the Directive;

– of IVASS Regulation No. 33, 6 December 2016, concerning the disclosure to the public and IVASS, carrying provisions integrating the contents of the "Solvency and Financial Condition Report" and the regular report to IVASS ("Regular Supervisory Report"), ("Regulation 33");

– of IVASS Letter to the Market Prot. No. 0093309/18 of 28 March 2018 concerning the "Results of comparative analyses on solvency and financial condition reports (SFCR)";

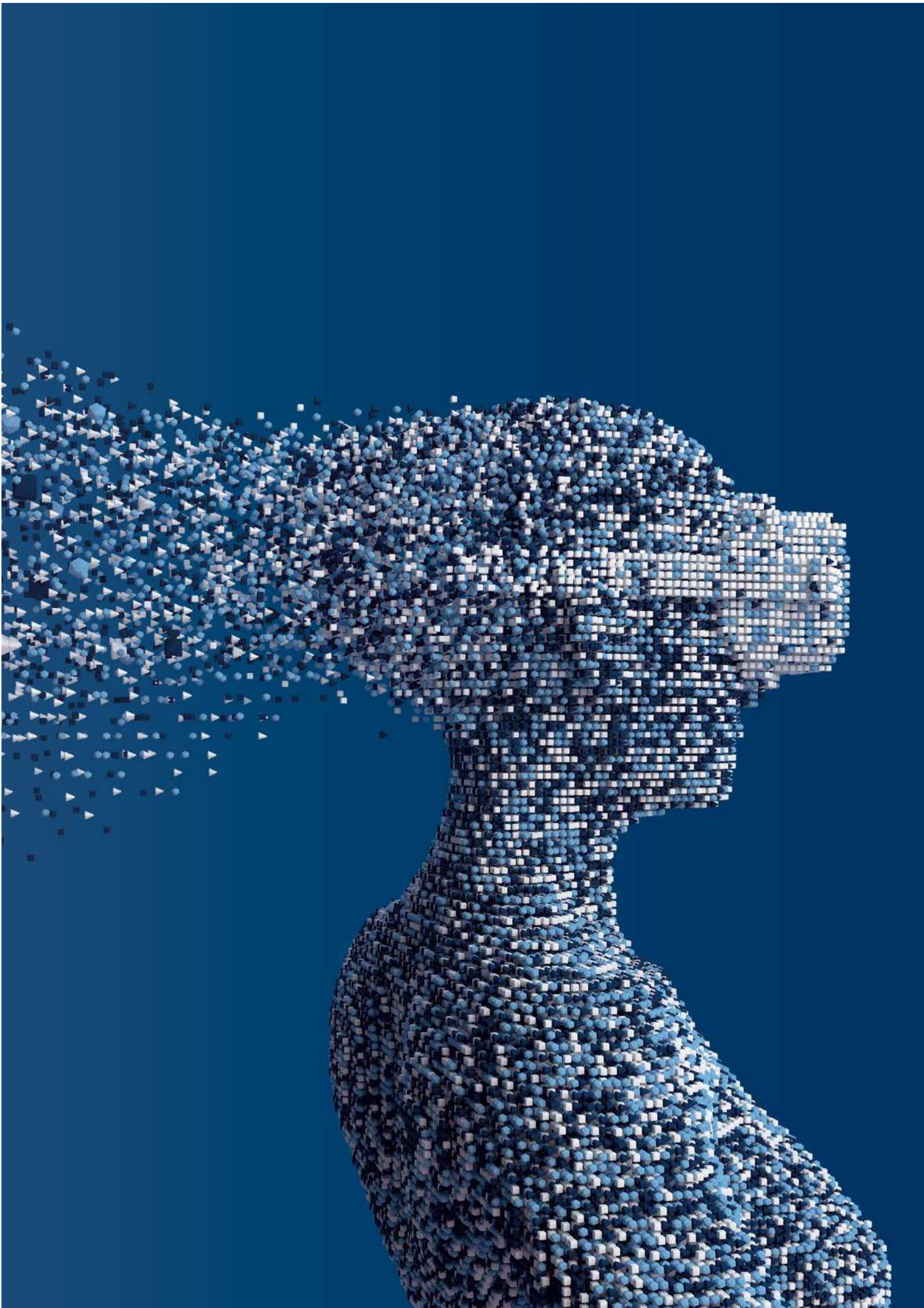
– of IVASS Regulation No. 46 of 17 November 2020 containing provisions on the transparency of the commitment policy and the elements of the equity investment strategy of insurance or reinsurance companies ("Regulation 46").

Unless otherwise specified, data are expressed in thousands of euros.

Definitions and glossary

The meaning of the main acronyms and expressions used in this document is summarised below.

Term	Meaning
Capital adequacy	Observance by the company/Group of regulatory solvency capital requirements.
BEL	"Best estimate of liabilities" deriving from insurance contracts.
CAP	Private Insurance Code (Legislative Decree No. 209 of 7 September 2005, as amended).
Capital at Risk	Total capital requirement relating to a specific risk that the company/Group deems necessary to cover losses exceeding a given expected level.
EIOPA	European supervisory authority for occupational pensions and insurance.
Key Functions	The Audit Function, the Chief Risk Officer, the Compliance and Anti-Money Laundering Function, as part of compliance activities, and the Actuarial Function.
LoB	Line of Business of insurance activities as defined in annex I of the Regulation.
Market Consistent Balance Sheet (or also "MCBS")	MCBS to be drafted on the basis of the appropriate criteria specified by the Solvency II provisions that are based on the concept of fair value.
MCR	Minimum Capital Requirement as defined by Title I - chapter VII of the Regulation. It corresponds to the amount of eligible own funds below which policyholders and beneficiaries would be exposed to an unacceptable level of risk if the insurance companies were allowed to continue their activities.
PIM	Partial Internal Model used to determine the solvency capital requirement.
OF	Own Funds as defined by Title I Chapter IV and Title II Chapters I and II of the Regulation. They represent the financial resources steadily acquired by the company/Group and available to it to absorb losses and to overcome risks generated by business activities on a going concern basis.
ORSA	Own Risk and Solvency Assessment Report to the Authorities.
RAF	Risk Appetite Framework - reference framework which defines - in line with the maximum risk that may be assumed, the business model and the Strategic Plan - the Risk Appetite, any tolerance thresholds, the operational risk limits, specific risk management policies and the reference processes required to define and implement them.
Risk Appetite	Level of risk (overall and by type) that the Group and/or the Company intends to assume for the pursuit of its strategic objectives.
RM	The Risk Margin corresponding to the cost of holding an amount of eligible own funds equal to the SCR needed to support insurance and reinsurance obligations assumed throughout their contractual life.
SCR	Solvency Capital Requirement as set forth in Title I - chapters V and VI of the Regulation. The amount of that requirement is determined so as to enable insurance companies or groups to be capable, with a likelihood of at least 99.5%, of honouring their obligations to policyholders and beneficiaries in the next twelve months.
Market Wide Standard Formula	Methodology for the calculation of the solvency capital requirement which calls for the application of the standard parameters defined by the Regulation.
TCM	Temporary insurance in the event of death.
Technical Provisions (TP)	Technical provisions determined according to Solvency II criteria, to the extent equal to the amount that an insurance or reinsurance company would have to pay if its contractual rights and obligations were immediately transferred to another company. They correspond to the sum of BEL and RM.
USP or GSP	"Undertaking Specific Parameters" or "Group Specific Parameters" – parameters of calculation of the insurance company or group specific solvency capital requirements, to be used as a replacement of those defined by the Market Wide Standard Formula. The use of specific parameters is subject to authorisation by the Supervisory Authority.
VA	Volatility Adjustment corresponding to an optional adjustment to the risk-free interest rate curve (published by EIOPA) to be applied to determine the BELs.



SUMMARY

Summary

Introduction

This section summarises the key information and any substantial changes taking place in the year in the solvency and financial condition of the Group, with regard to:

A. business and performance
B. system of governance
C. risk profile
D. valuation for solvency purposes
E. capital management.

For more detailed information, please refer to later chapters prepared with reference to the requirements of the current legal provisions summarised previously.

Business and performance[1]

In 2022, the Unipol Group achieved results in line with the objectives of the 2022-2024 Strategic Plan, with a **consolidated net profit** of €866m compared to €796m in the previous year.

Net of the extraordinary components that characterised the 2021 and 2022 results, the 2022 normalised net profit of €774m is significantly higher than the 2021 normalised profit of €514m. In particular, it should be noted that the 2021 results were positively influenced, for €33m (€42m before taxes), by the effects of the agreement relating to the settlement on the liability actions lodged against former directors and statutory auditors of Fondiaria-Sai and Milano Assicurazioni and the tax realignment of certain goodwill and real estate for €94m, as well as the badwill recorded by BPER against acquisition of the former UBI Banca and Banca Intesa Sanpaolo branches for €155m. On the other hand, the 2022 results were negatively impacted, for €137m (€199m before taxes), by the allocation of a solidarity fund for the early retirement of approximately 900 employees, and positively impacted for €41m by the effects deriving from the increase, from 18.9% to 19.9%, in the total interest held by Unipol in BPER and the badwill acquired by BPER following the acquisition of Banca Carige for €188m.

At 31 December 2022, **direct insurance premiums**, gross of reinsurance, stood at €13,645m, up (+2.4%) compared to €13,329m at 31 December 2021.

Non-Life direct premiums, amounting to €8,304m, recorded significant growth (+4.5%) compared to €7,943m at 31 December 2021.

The MV segment was up by 1.3% compared to the previous year, recording premiums of €3,888m. 2022 was characterised by a gradual recovery in the claims frequency after the Covid-19 pandemic, accompanied by a significant increase in the average cost of claims due, in particular, to the pressure of inflation on vehicle repair costs. The Group's MV premiums were positive, thanks to both the increase in the customer portfolio and the sale of accessory guarantees, which recorded 5.6% growth in premiums. The performance of the Non-MV segment was very positive, with premiums of €4,416m and growth of 7.6% compared to 31 December 2021. All of the Group's main sales channels and business units contributed to this result, particularly those in the Welfare ecosystem.

The combined ratio of direct business was 91.0% at 31 December 2022 (93.8% net of reinsurance), compared to 92.5% at 31 December 2021 (95.0% net of reinsurance). The combined ratio net of reinsurance was 93.8%, compared to 95% in 2021, with a loss ratio of 65.2% (67.1% at 31/12/2021) and an expense ratio of 28.7% (27.9% at 31/12/2021).

In the **Life segment**, the Group achieved direct premiums of €5,341m, substantially in line (-0.8%) with the €5,386m recorded in 2021, in an unfavourable market context characterised by high levels of inflation, high financial market volatility and rising interest rates. In this scenario, Italian households have focused more on supporting growing current expenses, driving down demand for Life policies. The premium mix was mainly oriented towards multisegment

[1] The economic data reported in the section Business and performance are taken from the Unipol Group's Consolidated Financial Statements (the "Financial Statements" or the "Consolidated Financial Statements").

products, in keeping with a strategy aimed at reducing capital absorption and containing the guaranteed minimum rate (at the end of 2022, 47% of the reserves had a guaranteed rate of zero).

Financial management benefitted from the increase in the profitability of new investments, focusing on investment grade securities with a good coupon profile, with a simultaneous improvement in terms of diversification and the overall risk-return profile.
The Group's insurance financial investment portfolio obtained a return of 3.1% of invested assets (unchanged from 31/12/2021), thanks to the excellent contribution of the coupons and dividends component.

As regards the **other sectors** in which the Group operates, the hotel sector recorded a significant recovery starting from the summer season, closing in the black after two years penalised by the effects of the Covid-19 pandemic.
The pre-tax result of the Real Estate and Holding and Other Businesses sectors was a loss of €10m (loss of €83m in 2021). Net of extraordinary components, the normalised results were -€152m in 2022 and -€174m in 2021.

The most significant events taking place during the year are set forth below.

On **13 January 2022**, UnipolSai acquired 100% of I.Car Srl share capital at the estimated total price of €77m and 100% of Muriana Manuela Srl share capital for €3m. The acquisition of these two companies, operating in the vehicle anti-theft system sector and insurance brokerage sector, respectively, is consistent with development of the Mobility Ecosystem undertaken by the Group in recent years. The company I.Car operates in the vehicle identification, traceability and anti-theft system market, with devices mainly marketed in combination with insurance packages that may also include additional services. The insurance policies sold in association with the anti-theft system are brokered by the agency Muriana Manuela, which has been the exclusive general agency of UnipolSai since 2016.

On **20 January 2022**, UnipolHome SpA, a wholly-owned subsidiary of UnipolSai, was established with the aim of integrating the Group's insurance offer into the Property ecosystem sector.

On **1 March 2022**, exercising the contractually envisaged right to early repayment, Unipol arranged full repayment of the €300m loan disbursed by UnipolSai on 1 March 2019, granted as part of the sale to Unipol of the shareholding in Unipol Banca SpA and in UnipolReC SpA.

On **24 May 2022**, the Moody's rating agency upgraded the Insurer Financial Strength Rating (IFSR) of UnipolSai Assicurazioni SpA from "Baa3" to "Baa2", i.e. one notch above Italy's rating (Baa3/Stable outlook). Consequently, the rating of the RT1 perpetual subordinated bond of UnipolSai Assicurazioni SpA increased by two notches ("Ba2" hyb), while the rating of the remaining subordinated bonds increased by one notch ("Ba1").
Subsequently, on **9 August 2022** Moody's confirmed the Insurance Financial Strength Rating of UnipolSai Assicurazioni SpA at "Baa2", lowering its outlook from "Stable" to "Negative" after the similar action carried out on Italy's rating.

On **1 July 2022**, UnipolSai received formal termination from UniCredit SpA of the shareholders' agreement signed on 30 October 2017 between the two parties in relation to the company Incontra Assicurazioni SpA. Following this termination, on 29 July 2022, UnipolSai exercised the put option due to it on the basis of the agreement, concerning the equity investment held in Incontra Assicurazioni. Pursuant to the agreement, UnipolSai and UniCredit have 14 months (subject to legal authorisations) to finalise the transfer of the equity investment.

On **6 July 2022** and **26 October 2022**, through acquisitions of shares and the subscription of a reserved share capital increase, UnipolSai acquired an overall equity investment amounting to 75% of the share capital of the company Tantosvago at a total price of €15.9m. Tantosvago is active in the flexible benefits market (i.e. goods and services that a company can provide within the welfare plan for its employees), with the role of aggregator.

Also on **6 July 2022**, the company Welbee was established, a wholly-owned subsidiary of UnipolSai, with a view to performing platform provider activities in the flexible benefits market, in the welfare and healthcare sectors, within the framework of the Beyond Insurance Enrichment strategic area defined in the 2022-2024 Strategic Plan.

In **October 2022**, UnipolSai and the other Italian subsidiary insurance companies signed trade union agreements on voluntary early retirement arrangements for the employees of those companies that meet pension requirements by 2027. In view of preliminary enrolments by potential members of the pre-retirement plan, a charge of €199m (€137m net of taxes) was recognised at Group level.

With the aim of developing the Welfare ecosystem, in 2022 an interest was acquired in DaVinci Healthcare Srl, a company that manages telemedicine services. Following the exercise of the option set forth in the Investment Agreement signed with the Founding Shareholders of the company DaVinci Healthcare Srl on **14 December 2022** UnipolSai acquired 26.09% of the share capital. Taking into account the shares previously acquired on 14 November 2022 through a share capital increase reserved for UnipolSai, amounting to 39.91%, the total investment held by UnipolSai in this company is now 66%.

On **16 December 2022**, UnipolSai signed the contract to acquire the entire share capital of Società e Salute S.p.A., a company operating in the private healthcare sector under the brand name "Centro Medico Santagostino". It is expected that, having obtained the necessary authorisations, the transaction will be completed by April 2023.

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The international macroeconomic forecasts for the year 2023 are characterised by extreme uncertainty, with positive effects generated by the drop in energy prices offset by the negative effects caused by the persistence of the conflict between Russia and Ukraine, sustained levels of inflation and the ensuing continuous interest rate hikes applied by the ECB, which will contribute towards limiting the development of the Eurozone economy. In Italy, after the decisive recovery seen in 2021 and 2022, GDP could record growth close to zero this year.

With reference to the financial markets, after a start to the year characterised by a generalised recovery in bond and equity prices, in March a phase of high volatility and declines began, linked to uncertainties about the capital strength and financial statements of some banking institutions, with fears of contagion risk and instability.

All of this reflects on the **Group's financial investments** and on the financial management which continues to be aimed, especially in the current highly volatile context, at the consistency of assets and liabilities and optimising the risk/return and liquidity profile of the portfolio, also in order to maintain an adequate level of solvency.

In 2023, the insurance business will be witnessing the evolution of important projects, envisaged in the 2022-2024 Strategic Plan and launched in 2022:

- UniSalute, leader in the Healthcare market, will distribute its products using all Group networks (both agents and bancassurance);
- UnipolSai will market its products with the possibility of monthly splitting of the premium at no additional cost to the customer.

In the Non-Life business, to combat the effects of inflation, we will aim to further strengthen our settlement specialisations thanks to the know-how gained by the Group in the area of telematics and a constant push to route MV claims to the UnipolService and UnipolGlass network, which offers excellent results in terms of the limitation of average repair costs.

In the Life business, considering the recovery in market interest rates, multisegment products were supported by the offer of traditional Class I products in order to favour the profitability of segregated funds.

In 2023, growth activities will continue in the Mobility ecosystem, where the commercial integration of the agency network with Unipol*Rental* continues with great success, in addition to the commercial expansion of UnipolMove, our device for the payment of motorway tolls and other services linked to mobility. Furthermore, in 2023, our offer will be enhanced with new services in the Welfare and Property ecosystems, which were strengthened during 2022 with new acquisitions.

The information currently available makes it possible to confirm, in the absence of currently unforeseeable events, also linked to the aggravation of the reference context, that its consolidated income trends for the year under way are in line with the objectives laid out in the 2022-2024 Strategic Plan.

System of governance

Unipol Gruppo SpA, as the ultimate Italian parent company, has adopted a “reinforced” type corporate governance system, pursuant to IVASS Regulation No. 38 of 3 July 2018, deemed most suited for the sound and prudent management of the Company.

The governance structure of the Company is based on a traditional management and control model, where the main bodies are the Shareholders' Meeting, the Board of Directors (which operates with the support of board committees) and the Board of Statutory Auditors. The Company has created the Audit Function, the Risk Area, the Compliance and Anti-Money Laundering Function[2] and the Actuarial Function (jointly “Key Functions”).

The Board of Directors assesses the position of each of its members, the members of the Board of Statutory Auditors and the General Manager, establishing whether these meet the requirements set by legal and regulatory provisions in force at the time on integrity, professionalism and independence, as well as on the absence of impediments, suspensions and incompatibilities pursuant to interlocking provisions. The Board of Directors also establishes whether the requirements of suitability for office are met by the Heads of the Key Functions and the Anti-Money Laundering Function, pursuant to company policies in force.

The Company has acquired an articulated and efficient Internal Control and Risk Management System, to ensure that the most significant risks arising from its activity are correctly identified, measured, managed and controlled, as well as being compatible with a sound and correct management. The Company also ensures that this System is implemented consistently and continuously within the entire Group, taking into account the risks of each company in the scope of Group supervision and their mutual interdependencies. The Board of Directors is responsible for said System and regularly verifies its suitability and actual operation.

Within the Internal Control and Risk Management System, Audit assesses and monitors the effectiveness, efficiency and adequacy of the internal control system and the additional components of the system of corporate governance, according to the nature of the business activities and the level of risks undertaken, its consistency with the guidelines defined by the Board as well as its updating, if applicable, also through support and advisory activities provided to other corporate functions. This Report also describes the control tasks of the Actuarial Function with reference to Solvency II Technical Provisions.

There were no substantial changes in the system of governance during the reference period.

Risk profile

As the Group has received the necessary authorisations from the Supervisory Authority, it calculates its Solvency Capital Requirement using the Partial Internal Model (“PIM”), which can provide a better assessment of its actual risk profile than the standard formula.
To provide a more complete representation of the risk profile, the Group has adopted risk classification criteria somewhat different from those proposed by the Standard Formula, which is the method used to calculate the Solvency Capital Requirement (“SCR”) for companies that have not developed an internal model. In particular, with regard to market risk, as part of the PIM, the Group also considers the risks relating to the volatility of share prices and interest rates.

For the risk modules not included within the PIM, the Standard Formula is used, with the application of parameters specific to the Group (“Group Specific Parameters” or “GSP”) to calculate the Premium and Reserve Risk for the following Lines of Business (“LoB”): (i) Motor vehicle liability (ii) General liability and (iii) Fire and other damage to property, while the Standard Formula Market Wide is used for the other risk modules.

The Solvency Capital Requirement (SCR) for the Group at the end of the reference period was €4,591,379k, up by €39,758k compared to 31 December 2021.
The primary changes observed in the components of the SCR compared to the previous year are summarised below:

[2] Compliance and Anti-Money Laundering Function means, as part of compliance activities, the Company's key Compliance function.

- Non-Life and Health Underwriting Risks: there was an increase in the Non-Life and Health SCR due to the change in volumes between FY2021 and FY2022 and the update in specific parameters (GSP);
- Life Underwriting Risks: there was an increase in the Life SCR, primarily deriving from the high level of interest rates recorded at 31 December 2022, which entailed an increase in surrender risk. In particular, the increase in interest rates resulted in an increase in the profitability of the Group portfolio, with a resulting increase in the loss deriving from a scenario of rising surrender frequencies;
- Market Risks: there was a decline in the market SCR mainly due to the decrease in the Spread module due to i) the reduction in the market value of the Corporate portfolio and ii) the lower relative risk of the portfolio;
- Credit Risks: there was a rise mainly deriving from the increase in exposures valued using the Standard Formula approach (excluded from the Internal Model);
- Operational Risks: there was a reduction in the Operational SCR primarily deriving from the decline in the value of best estimates;
- Loss-absorbing capacity of technical provisions in the case of losses deriving from unfavourable events regarding market risk factors (ALAC TP): there was an increase in the benefit deriving from the ALAC TPs due to the decrease in the net balance of capital gains/losses, which increased the effectiveness of extraordinary management actions. The new business recorded also contributed towards increasing the ALAC TPs;
- Conservative margin relating to the spread model: introduced as part of the ongoing pre-application procedure with IVASS of the Internal Market Model relating to credit risk on corporate bonds;
- Solvency Capital Requirement - Financial sector: an increase was recorded in the capital requirement, calculated in compliance with industry rules, explained by the rise in risk-weighted assets of banks and financial companies and, in particular, following the initial consolidation of Banca Carige in BPER Banca SpA.

The foreign subsidiaries are excluded from the scope of application as they are out of scope of the Group's Partial Internal Model and, therefore, the relative capital requirement is calculated using the Standard Formula and added to the Basic Solvency Capital Requirement (BSCR) (see the "out of scope undertakings' SCR" item in the SCR - Partial Internal Model table below).

SCR - Partial Internal Model

Amounts in €k	2022	2021	Change on 2021
Non-life and health underwriting risk	2,221,120	2,070,029	151,091
Life underwriting risk	491,197	371,135	120,062
Market risks	2,846,368	2,916,432	(70,064)
Credit risk	383,428	327,956	55,473
Diversification	(1,808,920)	(1,551,711)	(257,208)
Basic Solvency Capital Requirement (BSCR)	**4,133,194**	**4,133,840**	**(646)**
Operational risk	481,306	525,509	(44,203)
Adjustment for loss-absorbing capacity of technical provisions (ALAC TP)	(1,053,282)	(709,621)	(343,661)
Adjustment for loss-absorbing capacity of Deferred Taxes (ALAC DT)	(802,921)	(885,217)	82,296
SCR of unregulated companies not belonging to the insurance group	111,927	112,421	(495)
Out of scope undertakings's SCR	338,646	346,973	(8,328)
Conservative margin relating to the spread model	59,000		59,000
Model Adjustment relating to the surrender risk	8,180	4,949	3,230
Solvency Capital Requirement - Insurance sector	**3,276,048**	**3,528,855**	**(252,807)**
Solvency Capital Requirement - Credit and financial sector	**1,315,331**	**1,022,766**	**292,565**
Totale Solvency Capital Requirement (SCR)	**4,591,379**	**4,551,621**	**39,758**

Note that the risk assessments are carried out applying as long-term measure the Volatility Adjustment (VA).

Valuation for solvency purposes

To calculate the own funds eligible for the coverage of the Solvency Capital Requirement, the Group must prepare a "Market Consistent Balance Sheet" ("MCBS"), enclosed to this Report, on the basis of specific valuation criteria and with methods of consolidation of the investee companies, defined by the Directive and the Regulation, which are different from those used for the consolidated financial statements.
Please note in particular that the methods of consolidation laid out in Solvency II result in a more restricted line-by-line consolidation scope than that applicable in the IFRS consolidated financial statements. In particular, we note that:

- the entities that carry out financial and credit activities (UnipolSai Investimenti Sgr, UnipolPay, UnipolRec, BPER Banca and their subsidiaries) were consolidated synthetically based on the proportional share of own funds of such entities determined on the basis of the pertinent sector rules ("Basel III");
- the other subsidiaries whose activities are not insurance activities or instrumental to the insurance business were subject to synthetic consolidation (and not line-by-line as set forth in IFRS 10 for the purpose of preparing the consolidated financial statements) on the basis of dedicated financial positions drawn up in accordance with Solvency II criteria.

In addition, the measurement criteria specified by the Solvency II provisions are based on the concept of fair value and, therefore:

- assets are valued at the amount at which they could be exchanged between knowledgeable and willing parties in an arm's length transaction;
- liabilities are valued at the amount at which they could be sold or settled between knowledgeable and willing parties in an arm's length transaction.

In the valuation of liabilities, any changes in the creditworthiness of the individual companies belonging to the Group subsequent to the issue are not taken into consideration.
There were no substantial changes in the valuation criteria adopted compared to the previous year.

The nature of the main differences between the shareholders' equity resulting from the consolidated financial statements and that resulting from the MCBS at 31 December 2022 and at the end of the previous year is summarised below

Amounts in €k		2022	2021
A	**Shareholders' equity (Financial Statement)**	7,662,283	9,721,549
B	Adjustments for reclassification of shareholders' equity items	(490,662)	(495,014)
	Own shares qualified as asset in the MCBS and as an adjustment to shareholders' equity in the IFRS Consolidated Financial Statements	*5,499*	*1,147*
	RT1 capital instruments qualified as shareholders' equity in the IFRS Consolidated Financial Statements and as liabilities in the MCBS	*(496,161)*	(496,161)
C	Adjustments for different consolidation methods	(217)	(196)
D	Adjustments by assets/liabilities type	1,763,160	(44,101)
	Intangible assets	*(2,326,625)*	*(2,155,406)*
	Properties and tangible assets for investment and for own use	*594,729*	*457,824*
	Other financial investments	*(531,754)*	*635,097*
	Technical provisions	*4,786,907*	*1,522,193*
	Deferred taxes	*(1,182,014)*	*(414,465)*
	Other assets and liabilities	*421,917*	*(89,344)*
E=A+B+C+D	**Shareholders' equity (MCBS)**	8,934,564	9,182,238

Capital management

The Group has own funds eligible to cover the capital requirements equal to 2.00 times the SCR (2.14 at 31/12/2021) and 4.16 times the Minimum Capital Requirement ("MCR"), 4.52 at 31 December 2021.
The following tables show:

- the reconciliation between the amount of shareholders' equity from the MCBS and the amount of own funds eligible to cover capital requirements;
- the amount of own funds eligible to cover capital requirements, with a breakdown by individual tiering level;
- the capital requirements (SCR and MCR);
- the capital requirement coverage ratios.

Reconciliation from MCBS to eligible own funds

Amounts in €k	2022	2021	Change on 2021
Shareholders' equity (MCBS)	**8,934,564**	**9,182,238**	**(247,673)**
Subordinated and hybrids liabilities computable in own funds such as Tier 1 restricted and Tier 2 instruments	1,725,653	2,004,815	(279,162)
Expected dividends	(363,100)	(322,672)	(40,427)
Own shares held directly or indirectly	(5,148)	(1,335)	(3,813)
Adjustments related to the transferability of subsidiaries own funds or the computability of minority interests	(1,097,671)	(1,134,273)	36,602
Other deductions required by the Regulations or by specific provisions of the Supervisory Authority	(2,292)	(1,846)	(447)
Total eligible own funds to meet the SCR	**9,192,007**	**9,726,927**	**(534,920)**
Non eligible own funds to meet the MCR	(2,022,122)	(2,006,624)	(15,498)
Total eligible own funds to meet the MCR	**7,169,885**	**7,720,303**	**(550,419)**

Eligible amount of own funds

Amounts in €k	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Total eligible own funds to meet the SCR (A)	9,192,007	7,611,958	1,133,922	425,048	21,079
Total eligible own funds to meet the MCR (B)	7,169,885	5,691,212	1,133,922	344,750	

SCR, MCR and Capital Requirement coverage ratios

Amounts in €k	2022	2021	Change on 2021
Solvency Capital Requirement (SCR) (C)	4,591,379	4,551,621	39,758
Minimum Capital Requirement (MCR) (D)	1,723,752	1,709,342	14,410
Ratio of Eligible own funds to SCR (A / C)	2.00	2.14	(0.14)
Ratio of Eligible own funds to MCR (B / D)	4.16	4.52	(0.36)

The SCR coverage ratio without the application of the volatility adjustment is 1.94 (2.12 at 31/12/2021).

We provide below the results of the sensitivity analyses carried out by the Group. The analyses refer to the year in question and take, as base scenario, the capital adequacy and the solvency capital requirement calculated according to the regulatory model adopted by the Group.

Sensitivities

Description	Impact with respect to central scenario	Impact on Solvency II Ratio
Shift upward of the interest yield curve	interest rate: +100 bps	7 p.p.
Shift downward of the interest yield curve	interest rate: -100 bps	-5 p.p.
Shock on credit spread – corporate bonds	industrial and financial credit spreads: +100 bps	1 p.p.
Shock on equity market	equity market value: -20%	-4 p.p.
Shock on property market	real estate market value: -15%	-9 p.p.
Sensitivity on Italian Government spread	Italian Government spread: +100 bps	-4 p.p.

During the year the Group always maintained adequate coverage of its SCR as well as its MCR.

A

BUSINESS AND PERFORMANCE

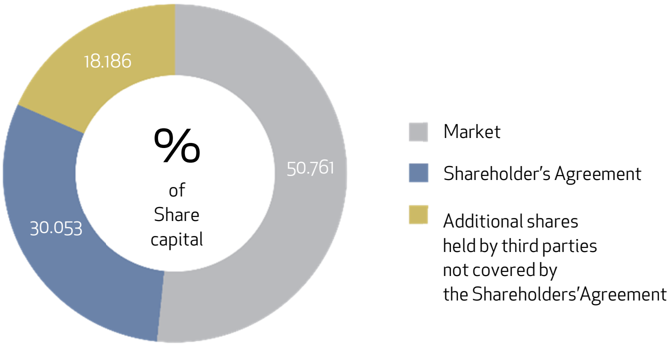
A Business and performance

A.1 Business

Company information

Unipol Gruppo SpA ("Unipol SpA") is a holding company at the top of the Unipol Group, with a preeminent position in the Italian insurance market and present in various market sectors other than insurance. Unipol is listed on the Milan Stock Exchange and in the FTSE MIB and MIB® ESG indexes. It manages and coordinates all the subsidiaries.

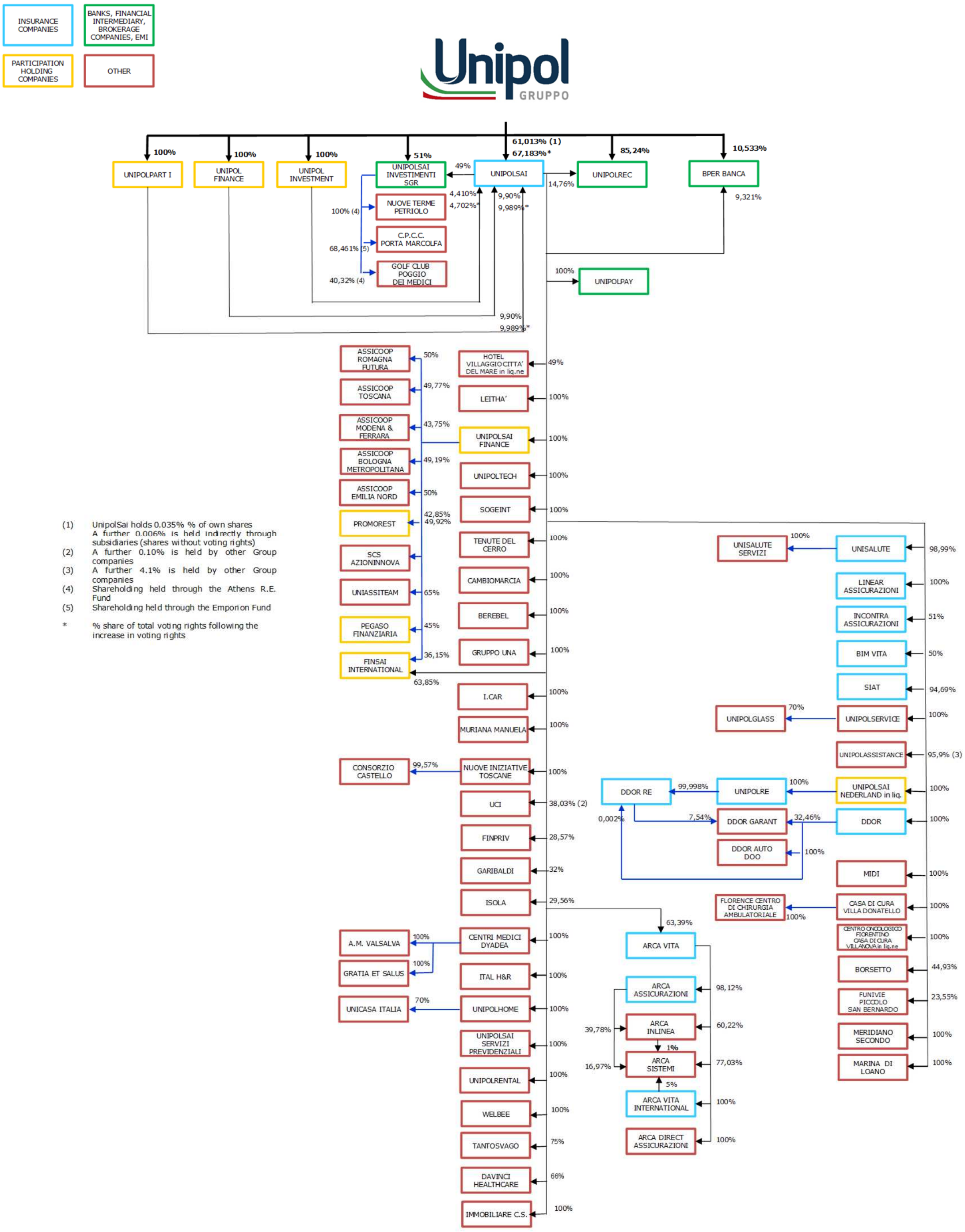
The shareholding structure is shown in the chart below:



The Group is subject to supervision, as an insurance group, by the Istituto per la Vigilanza sulle Assicurazioni (IVASS).

The independent audit firm appointed by the Group is EY SpA.

The structure of the Unipol Group at 31 December 2022 is shown below.



(1) UnipolSai holds 0.035% % of own shares. A further 0.006% is held indirectly through subsidiaries (shares without voting rights)
(2) A further 0.10% is held by other Group companies
(3) A further 4.1% is held by other Group companies
(4) Shareholding held through the Athens R.E. Fund
(5) Shareholding held through the Emporion Fund
* % share of total voting rights following the increase in voting rights

We also provide a list of subsidiaries and associates at 31 December 2022. Please note that at that date, there were no companies subject to unified management.

List of subsidiaries and associates

Name	Legal form	Registered office	% voting rights
Anton Maria Valsalva Srl	Limited liabilities company	Italy	100.00%
Arca Assicurazioni Spa	Joint-stock company	Italy	98.12%
Arca Direct Assicurazioni Srl	Limited liabilities company	Italy	100.00%
Arca Inlinea Scarl	Limited liabilities consortium	Italy	100.00%
Arca Sistemi Scarl	Limited liabilities consortium	Italy	100.00%
Arca Vita International Dac	Designated activity Company	Ireland	100.00%
Arca Vita Spa	Joint-stock company	Italy	63.39%
Assicoop Bologna Metropolitana Spa	Joint-stock company	Italy	49.19%
Assicoop Emilia Nord Srl	Limited liabilities company	Italy	50.00%
Assicoop Modena & Ferrara Spa	Joint-stock company	Italy	43.75%
Assicoop Romagna Futura Srl	Limited liabilities company	Italy	50.00%
Assicoop Toscana Spa	Joint-stock company	Italy	49.77%
Athens R.E. Fund	Collective Investments Undertakings	Italy	89.59%
BeRebel Spa	Joint-stock company	Italy	100.00%
BIM Vita Spa	Joint-stock company	Italy	50.00%
Borsetto Srl	Limited liabilities company	Italy	44.93%
BPER Banca Spa	Joint-stock company	Italy	19.88%
Cambiomarcia Srl	Limited liabilities company	Italy	100.00%
Casa di Cura Villa Donatello - Spa	Joint-stock company	Italy	100.00%
Centri Medici Dyadea Srl	Limited liabilities company	Italy	100.00%
Centro Oncologico Fiorentino Casa di Cura Villanova Srl in Liquidazione	Limited liabilities company	Italy	100.00%
Compagnia Assicuratrice Linear Spa	Joint-stock company	Italy	100.00%
Consorzio Castello	Limited liabilities consortium	Italy	99.57%
Consorzio tra Proprietari Centro Commerciale Porta Marcolfa	Consortium of Owners	Italy	68.45%
DaVinci Healthcare Srl	Limited liabilities company	Italy	66.00%
Ddor Auto - Limited Liability Company	Drustvo Sa Ogranienom Odgovornou-DOO	Serbia	100.00%
Ddor Garant	Akcionarsko Drustvo-ADO	Serbia	40.00%
Ddor Novi Sad	Akcionarsko Drustvo-ADO	Serbia	100.00%
Ddor Re	Akcionarsko Drustvo-ADO	Serbia	100.00%
Fin.Priv. Srl	Limited liabilities company	Italy	28.57%
Finsai International Sa	Societe' Anonyme	Luxembourg	100.00%
Florence Centro di Chirurgia Ambulatoriale Srl	Limited liabilities company	Italy	100.00%
Fondazione Unipolis	Foundation	Italy	100.00%
Fondo Emporion Immobiliare	Collective Investments Undertakings	Italy	100.00%
Fondo Landev	Collective Investments Undertakings	Italy	100.00%
Fondo Oikos	Collective Investments Undertakings	Italy	100.00%
Funivie del Piccolo San Bernardo Spa	Joint-stock company	Italy	23.55%
Garibaldi Sca	Société en Accomandite par Actions	Luxembourg	48.00%
Golf Club Poggio dei Medici Spa Società Dilettantistica Sportiva	Limited liabilities company	Italy	40.32%
Gratia et Salus Srl	Limited liabilities company	Italy	100.00%
Gruppo UNA Spa	Joint-stock company	Italy	100.00%
Hotel Villaggio Città del Mare Spa in Liquidazione	Joint-stock company	Italy	49.00%
I.Car Srl	Limited liabilities company	Italy	100.00%

Name	Legal form	Registered office	% voting rights
Immobiliare C.S. Srl	Limited liabilities company	Italy	100.00%
Incontra Assicurazioni Spa	Joint-stock company	Italy	51.00%
Isola Sca	Société en Accomandite par Actions	Luxembourg	43.00%
Ital H&R Srl	Limited liabilities company	Italy	100.00%
Leithà Srl	Limited liabilities company	Italy	100.00%
Marina di Loano Spa	Joint-stock company	Italy	100.00%
Meridiano Secondo Srl	Limited liabilities company	Italy	100.00%
Midi Srl	Limited liabilities company	Italy	100.00%
Muriana Manuela Srl	Limited liabilities company	Italy	100.00%
Nuove Iniziative Toscane - Società a Responsabilità Limitata	Limited liabilities company	Italy	100.00%
Nuove Terme Petriolo Srl	Limited liabilities company	Italy	100.00%
Pegaso Finanziaria Spa	Joint-stock company	Italy	45.00%
Promorest Srl	Limited liabilities company	Italy	49.92%
SCS Azioninnova Spa	Joint-stock company	Italy	42.85%
Siat-Società Italiana Assicurazioni e Riassicurazioni - per Azioni	Joint-stock company	Italy	94.69%
Sogeint Società a Responsabilità Limitata	Limited liabilities company	Italy	100.00%
Tantosvago Srl	Limited liabilities company	Italy	75.00%
Tenute del Cerro Spa - Società Agricola	Joint-stock company	Italy	100.00%
Tikal R.E. Fund	Collective Investments Undertakings	Italy	100.00%
Uci - Ufficio Centrale Italiano	Limited liabilities consortium	Italy	38.13%
UniAssiTeam Srl	Limited liabilities company	Italy	65.00%
Unicasa Italia Spa	Joint-stock company	Italy	70.00%
Unipol Finance Srl	Limited liabilities company	Italy	100.00%
Unipol Gruppo Spa	Joint-stock company	Italy	100.00%
Unipol Investment Spa	Joint-stock company	Italy	100.00%
Unipol Rental Spa	Joint-stock company	Italy	100.00%
UnipolAssistance Scrl	Limited liabilities consortium	Italy	100.00%
UnipolGlass Srl	Limited liabilities company	Italy	70.00%
UnipolHome Spa	Joint-stock company	Italy	100.00%
UnipolPart I Spa	Joint-stock company	Italy	100.00%
UnipolPay Spa	Joint-stock company	Italy	100.00%
UnipolRe Dac	Designated activity Company	Ireland	100.00%
UnipolReC Spa	Joint-stock company	Italy	100.00%
UnipolSai Assicurazioni Spa	Joint-stock company	Italy	85.26%
UnipolSai Finance Spa	Joint-stock company	Italy	100.00%
Unipolsai Investimenti Sgr Spa	Joint-stock company	Italy	100.00%
UnipolSai Nederland Bv in Liquidatie	Besloten Vennootschap	The Netherlands	100.00%
UnipolSai Servizi Previdenziali Srl	Limited liabilities company	Italy	100.00%
UnipolService Spa	Joint-stock company	Italy	100.00%
UnipolTech Spa	Joint-stock company	Italy	100.00%
Unisalute Servizi Srl	Limited liabilities company	Italy	100.00%
UniSalute Spa	Joint-stock company	Italy	98.99%
WelBee SpA	Joint-stock company	Italy	100.00%

Changes in the consolidation scope compared with 31 December 2021

The year 2022 was characterised by numerous entries of companies into the scope of consolidation in relation to the implementation of the guidelines of the 2022-2024 Strategic Plan aimed at the development of the Mobility, Welfare and Property ecosystems. The changes in the scope of consolidation during the year in that regard are described below.

Acquisition of I.Car Srl
On 13 January 2022, on obtaining authorisation from the Antitrust Authority, the proposed contract for the purchase by UnipolSai of 100% of I.Car Srl, at the total estimated price of €77m, and 100% of the share capital of Muriana Manuela Srl, at the price of €3m, was executed. The acquisition of these two companies, operating in the vehicle anti-theft system sector and insurance brokerage sector, respectively, is consistent with development of the Mobility ecosystem undertaken by the Group in recent years.
On 1 June 2022, in application of the criteria set forth in the sale agreement, UnipolSai paid an additional €7m as a purchase price adjustment for I.Car. The I.Car price will be subject to subsequent integration through the payment of an additional variable tranche of around €10m, which will be determined on a definitive basis after approval of the I.Car financial statements for 2022.

Establishment of UnipolHome SpA
On 20 January 2022, the deed of incorporation of the company UnipolHome SpA, wholly-owned by UnipolSai and intended, as part of the Property ecosystem, to achieve benefits in terms of cost and service for the settlement of insurance claims, was filed with the Register of Companies. In particular, the company aims on one hand to create and coordinate a network of craftsmen through a digital platform to manage the provision of direct compensation for damages relating to claims on insured properties, with potential expansion in the activity of property maintenance, and on the other hand to enter the condominium management market, also by acquiring already specialised companies, and possibly act as a business procurer with reference to energy market services.
On 1 July and 26 October 2022, UnipolSai, at the request of the subsidiary, made capital contributions of €2.7m and €2.6m, respectively, to provide UnipolHome with the financial resources required to implement the Craftsmen Network Platform and acquire an interest representing 70% of the share capital of Unicasa Italia SpA, a company that provides integrated real estate services, specifically in the area of condominium administration, through a network of franchise administrators. The acquisition was completed on 27 October 2022.

Acquisition of Tantosvago Srl
On 6 July 2022, UnipolSai acquired an overall equity investment amounting to 68.865% of the share capital of the company Tantosvago Srl. As set forth in the agreement, on the same date, a share capital increase reserved to UnipolSai was also approved, subscribed and paid up, bringing the percentage of capital held to 75% at a total price of €15.9m. The investment sale agreement also calls for a system of option calls on all of the interests of the non-controlling shareholders, exercisable by UnipolSai within contractually defined time windows at a price to be defined on the basis of specific future profitability and debt parameters of the company, and a separate right of the non-controlling shareholders to sell their interests to UnipolSai, provided UnipolSai has not previously exercised the option call.
Tantosvago Srl is active in the flexible benefits market, or those goods and services that a company can provide within the welfare plan for its employees, with the role of aggregator - a company that holds the technology and the know-how to proceed with the acquisition and aggregation of individual products/services provided by various suppliers (such as insurance companies, healthcare facilities, gyms, travel agencies, training organisations) within a digital catalogue of services set up to be integrated within dedicated platforms.

Establishment of Welbee SpA
Also on *6 July 2022*, the company *Welbee* SpA was established, a wholly-owned subsidiary of UnipolSai, with a view to performing platform provider activities in the flexible benefits market in the welfare and healthcare sectors.

Acquisition of Anton Maria Valsalva Srl
On 3 August 2022, the Subsidiary Centri Medici Dyadea Srl completed the acquisition of the equity investment representing 100% of the share capital of Anton Maria Valsalva Srl, a company that manages a multi-specialty health centre located in Imola.

Acquisition of Gratia et Salus Srl
On 14 November 2022, a further Centri Medici Dyadea Srl capital contribution was made for the acquisition of the 100% interest in the share capital of Gratia et Salus Srl, a company that manages a multi-specialty health centre located in Bologna specialised in occupational medicine.

Acquisition of DaVinci Healthcare Srl
Following the exercise of the option set forth in the Investment Agreement signed with the Founding Shareholders of the company DaVinci Healthcare Srl, active in innovative telemedicine services, on 14 December 2022 UnipolSai acquired 26.09% of the share capital. Taking into account the shares previously acquired on 14 November 2022 through a share capital increase reserved for UnipolSai, amounting to 39.91%, the total investment held by UnipolSai in this company is now 66%.

With regard to the changes in the scope of consolidation during the year, the following transactions were also carried out:

On 10 February 2022, UnipolSai Investimenti Sgr SpA, as the management company and in name and on behalf of the closed-end real estate investment fund Athens R.E. Fund, acquired 100% of the share capital of the sole member limited liability company Nuove Terme Petriolo Srl, owner of the concessions for the exploitation of a thermal establishment.

On 30 November, the shareholders' meeting approved the final liquidation financial statements of the subsidiary Unica Lab Srl and the allotment activities set forth in the distribution plan were carried out. The closure of the liquidation meant that the company was struck off the Register of Companies on 16 December.

On 13 December 2022, UnipolSai acquired the entire equity investment held by Unipol*Rental* SpA in Immobiliare C.S. Srl, representing 100% of the share capital, in order to centralise instrumental real estate companies, resulting in the operational and management simplification of the relative activities.

Furthermore, on 7 April 2022 the wholly-owned subsidiary MNTTN SpA changed its company name to BeRebel SpA.

Main differences between the scope of consolidation considered in the consolidated financial statements prepared pursuant to Article 95 of the Private Insurance Code ("CAP") and the scope of consolidation considered for the calculation of group solvency pursuant to Article 216-ter of the CAP

The Unipol Group MCBS was determined in accordance with method 1 (method based on the consolidated financial statements described in Art. 335 of the Regulation). To that end, a Group MCBS expressed at market value was prepared on the basis of the criteria defined in the Regulation.
The Group scope for the preparation of the MCBS includes 86 companies, of which:

A. 49 companies consolidated on a line-by-line basis in application of Art. 335 paragraph 1 (a) of the Regulation (insurance or reinsurance companies, non-EU insurance or reinsurance companies, insurance holding companies, mixed financial holding companies and ancillary services undertakings which are subsidiaries of the parent company);

B. 4 companies for which the proportional share of own funds of the company calculated in accordance with the pertinent sector rules pursuant to Art. 2, point 7 of Directive 2002/87/EC was consolidated in application of Art. 335 paragraph 1 (e) of the Regulation (investee companies that are credit institutions, investment firms and financial institutions, UCITS management companies);

C. 33 companies measured in compliance with Art. 13 of the Regulation (other subsidiaries, associates, included in the definition of equity investments other than the previous ones), consolidated with the Solvency II equity method in application of Art. 335 paragraph 1 (f) of the Regulation.

There are no companies pursuant to paragraph 1, letters b), c) and d) of Art. 335 of the Regulation (line-by-line consolidation of special purpose vehicles as defined in Art. 13 of the Directive, proportional consolidation or consolidation with the equity method of equity investments in insurance or reinsurance companies, non-EU insurance or reinsurance companies, insurance holding companies, mixed financial holding companies and ancillary services undertakings which are not subsidiaries of the parent company).
The main differences in the scope of consolidation of the MCBS with respect to the scope of consolidation used for the preparation of the Unipol consolidated financial statements derive from the lack of line-by-line consolidation of the

subsidiaries belonging to the financial sector and the subsidiary entities that are not ancillary services undertakings within the scope of the Unipol Insurance Group, with the exception of several subsidiary entities whose activities were deemed similar to those of the ancillary services undertakings, such as the controlled property funds and the companies Unipol Finance, Unipol Investment and UnipolPart I, which hold an investment in UnipolSai.
For further details regarding the scope of consolidation and the methods of calculation applied to the individual entities, please refer to QRT S.32.01.22 in the QRT Models section.

Relations with Group companies

Unipol Gruppo provides the following services to the subsidiary UnipolReC:
- Governance (services supporting internal control, risk management and compliance);
- Anti-money laundering and Anti-terrorism.

UnipolSai Assicurazioni provides the following services to companies of the Group:
- Governance (services supporting internal control, risk management, compliance and the Actuarial Function Validation);
- Finance;
- Innovation;
- Communications and Media Relations;
- Anti-money laundering and Anti-terrorism;
- 231 support;
- Institutional Relations;
- Assessment of investments;
- Human resources and industrial relations (personnel administration, external selection, development and remuneration systems, welfare initiatives, personnel management, trade union relations, employee disputes, employee welfare, safety);
- Organisation;
- Training;
- Legal and corporate (corporate affairs, group legal register management, anti-fraud, institutional response, legal insurance consulting, privacy consulting and support, general legal and disputes, corporate legal, complaints, management of investments);
- Claims settlement;
- Insurance (distribution network regulations, MV portfolio management, reinsurance, product marketing, MV tariff setting, development and maintenance of MV products, general class tariff setting, development and maintenance of general class products, technical actuarial coordination, Life bancassurance);
- IT services;
- Actuarial Function Calculation;
- Administration (accounting, tax, administrative and financial statements services);
- Management control;
- Purchase of goods and services (including real estate) and general services;
- Real estate (coordination of urban planning processes, value added services, operational management of property sales and purchases, property leasing services, project management, logistics and real estate services, facility management, tax and duty property management, property management).

UniSalute provides the following services:
- Managing addressing services, providing medical advice and assistance by telephone, making bookings, managing and settling claims relating to specific guarantees/products on behalf of UnipolSai;
- Policyholder record updating services and administrative services associated with the payment of health policy claims for UnipolSai.

The services provided by UniSalute to its subsidiary UniSalute Servizi mainly concerned the following areas:
- Administration and management control;
- Complaints, regulations and tenders;
- IT services;
- Digital marketing and Communications;
- Supplier Network Management and Medical Coordination;
- Human resource monitoring and Training;

- Collective Operating Centre - Assistance Class 18 and LTC case management.

SIAT performs the following services in favour of UnipolSai:
- Technical assistance in the negotiation and stipulation of transport and aviation contracts;
- Portfolio services for agreements in the transport sector;
- Administrative support in the relationships with insurance counterparties.

UnipolService provides car repair services for certain Group companies, while **UnipolGlass** provides glass repair services.

UnipolSai Servizi Previdenziali performs administrative management of open pension funds on behalf of a number of Group companies.

UnipolRe carries out administrative and accounting services for inwards and outwards reinsurance with reference to treaties in run-off on behalf of UnipolSai.

UnipolSai Investimenti SGR administers on behalf of UnipolSai the units of real estate funds set up by third-party asset managers, owned by UnipolSai.

In 2022, UnipolReC, in its capacity as an agent, conducted credit collection, out-of-court recovery of receivables due from Customers, such as, by way of example, the analysis of the receivables assigned, the sending of dunning letters by post and/or credit collection by phone, monitoring the responses received, checking payments and reconciling the same, searching for individuals that are difficult to trace and any other activity required or related to said services on behalf of Gruppo UNA and Tenute del Cerro.

UnipolTech guarantees competitiveness to the Group insurance companies through continuous technological innovation and the evolution of ITC services:
- management of black boxes, designed and continuously innovated internally and complete with proprietary software associated with MV, Motorcycle and fleet policies, confirming the Unipol Group as market leader. Black boxes are directly linked to the service centre (TSP) in order to guarantee secure insurance services through a complex data analysis based on crash recognition and reconstruction, assistance and theft up to value added services such as private emergency calls, plus the VASs available on the mobile app;
- IoT technology and safety and security services linked to home, store and commercial business insurance policies (smart home);
- telematic devices associated with insurance policies for pet protection.

The company has developed products offered through the UnipolSai agency network, such as:
- Qshino, the product that offers an anti-abandonment device service for child car seats as required by Italian Law no. 117 of 1 October 2018, which makes their use compulsory.
- UnipolMove, an electronic motorway toll payment service that was made available to all group customers starting from March 2022, after the company received European electronic toll service accreditation (first company at national and European level).

Support was also provided to UnipolSai in the development of mobile payment solutions to offer customers an integrated model of distinctive services, complementary to the insurance business. The first services available on the UnipolSai App therefore include the opportunity to pay car parking fees, fines and road tax.

Leithà designs, develops and provides to Group companies services, applications, data-intensive components and innovative, high-tech tools based primarily on Artificial Intelligence, Machine Learning, Process Automation and Computer Vision solutions. It also studies and analyses data in support of the development of new insurance solutions (both in actuarial and product application distribution terms), processes and business development. This includes the necessary preparatory and instrumental activities for the implementation of commissioned research projects and the development of operating system software, operating systems, applications and database management concerning and functional to such projects.

The main project areas covered include:
- development of software supporting the reconstruction and settlement of claims;
- software development to support tariff underwriting;
- development of solutions for real-time claims management;
- support for tariff sophistication processes through data enrichment and machine learning modelling;
- tariff optimisation;

- natural events and weather alert services;
- reinsurance support;
- communication tools for the agency network;
- smartphone telematics;
- scientific communication activities through collaboration with important European projects and research centres (e.g., ADA - ADaptation in Agriculture and development of the E3CI - European Extreme Events Climate Index, NRRP National Recovery and Resilience Plan).

UnipolAssistance provides the following services for the Companies of the Consortium (and to a minimal extent also to third parties):

- organisation, provision and 24/7 management of services provided by the Class 18 assistance insurance coverage, by taking the action requested and managing relations with professionals and independent suppliers to which the material execution of the action is assigned, also including settlement of the related remuneration. Analogous activities are also provided to Consortium members not in the insurance business.
  As part of the Tourism claims management solely for consortium members carrying out insurance activities, in addition to the provision of normal Assistance services, at the request of an individual consortium member UnipolAssistance can advance medical expense payments on behalf of that member;
- contact centre activities for customers, specialists and agencies of the Group, whose services consist of:
  - providing front office services to existing or potential customers at all stages of relations with the consortium members and their respective sales networks, or to any intermediaries acting on their behalf (brokers, banks);
  - providing after-sales services on policy statuses or on any transactions that can be made on existing policies;
  - providing support services to the agency network in relations with customers and consortium members;
  - providing contact centre activities dedicated to opening claims and relative requests for information (only for Tourism claims and for claims channelled to UnipolService or UnipolGlass).

Arca Vita provides the following services to its subsidiaries:

- human resource management and development, organisation, corporate affairs, purchasing, legal services and complaints, secretariat and general services, security and privacy, administration, life planning in favour of subsidiaries;
- real estate and property unit leases in favour of several Group companies.

An agreement with Arca Vita International is also in place regarding the licence for use of the "Arca Vita International" trademark owned by Arca Vita.

Arca Inlinea provides sales support services to Arca Assicurazioni, Arca Vita and Arca Vita International and, since 2022, call centre services in favour of UniSalute.

Arca Sistemi provides the following services primarily in favour of the Companies participating in the consortium:

- IT system design, development and management;
- alternative storage design, development and management.

In addition, since 2022, Arca Sistemi has provided IT services to UniSalute.

Arca Direct Assicurazioni has insurance brokerage agreements in place with Arca Vita, Arca Assicurazioni and UnipolSai.

Unipol*Rental* provides medium/long-term vehicle rental services to Group companies.

Cambiomarcia provides services and a digital platform dedicated to the sale of ex-rental vehicles of Unipol*Rental* on the B2C channel (Business to Consumer) and provides electric bicycles to several Group companies.

UnipolHome provides repair services in the home (houses and condominiums) for UnipolSai.

Moreover, it is noted that the Group companies conduct the following regular transactions with each other:

- reinsurance and coinsurance;
- leasing of property and other tangible assets;
- agency mandates;
- brokerage of collections and payments;
- secondment of personnel;

- training project management.

There is also a partnership agreement between **UnipolSai** and **UnipolTech** with the aim of strengthening their reciprocal positions in the reference markets: in this sense, the agreement calls for advertising on the UnipolSai website and App, and in particular through the agency network as well, the services offered by UnipolTech.

No atypical or unusual transactions were carried out in the execution of these services.

Fees are mainly calculated on the basis of the external costs incurred, for example the costs of products and services acquired from suppliers, and the costs resulting from activities carried out directly, i.e. generated by their own staff, and taking account of:
- performance targets set for the provision of the service to the company;
- strategic investments required to ensure the agreed levels of service.

The following elements are specifically taken into consideration:
- personnel costs;
- operating costs (logistics, etc.);
- general costs (IT, consultancy, etc.).

As regards services rendered by Leithà, the consideration was determined to the extent equal to costs, as previously defined, to which a mark-up was applied, which is the operating margin for the service rendered.

The costs for financing activities are calculated by applying a fee on managed volumes. The services provided by UniSalute (except for operating services provided to Unisalute Servizi for which the costs are split), UnipolService, UnipolSai Investimenti SGR and UnipolRe involve fixed prices.

Both the Parent Company **Unipol** and its subsidiaries, including **UnipolSai**, **Arca Vita** and **Arca Assicurazioni**, second their staff to other Group companies to optimise the synergies within the Group.

Tax regime for taxation of group income (so-called "tax consolidation")

The Parent Company Unipol exercised the Group joint tax consolidation option governed by Title II, Chapter II, Section II of Italian Presidential Decree 917/86 (the Consolidated Income Tax Act, Articles 117 et seq.) as consolidating entity, jointly with the companies belonging to the Unipol Group meeting the established regulatory requirements over time. The option has a three-year duration and is renewed automatically unless cancelled.

Unipol VAT Group

Unipol Gruppo and the subsidiaries for which there are economic, financial and organisational restrictions exercised the option of establishment of the Unipol VAT Group pursuant to Art. 70-bis et seq. of Italian Presidential Decree no. 633/1972 and Ministerial Decree of 6 April 2018. Initially valid for the three-year period 2019-2021, the option renews each year until cancelled.

In addition to what was mentioned previously, due to the very nature of the Group, there are significant intra-group transactions concerning "transactions relating to equity instruments, debt instruments and asset transfers". These transactions are substantiated in the possession of equity investments, the disbursement of loans and the management of centralised treasury services ("cash pooling") and the relative ensuing transactions (payment of dividends and interest and repayments). There are current account and securities deposit relationships in place with the banking entities that are shareholders of the bancassurance companies and with associated companies (BPER Banca).

These transactions, which do not include atypical or unusual transactions, are settled at arm's length conditions.

A Business and performance

Lines of Business

The Group's activities are divided into the following lines of business.

Insurance

The Group offers the market the entire range of risk cover solutions: in mobility (vehicles, sportscraft and travel), for the home and condominiums, for work (products dedicated to businesses, traders, professionals and legal protection), for personal protection (particularly accident and health protection policies), and for investments and welfare. **UnipolSai Assicurazioni SpA** is the main Insurance Company, supported by specialist companies: **UniSalute**, specialising in the Healthcare segment; **Linear**, a company specialising in direct sales, online and via call centres, of MV products; **SIAT**, operating in the Transport business, with corporate customers primarily reached through brokers. Outside Italy, the Group operates in Serbia, through the subsidiary **DDOR Novi Sad** and the dedicated captive reinsurance Company **Ddor Re**, and in Ireland with **UnipolRe**, a professional reinsurance Company which provides reinsurance cover to small and medium-sized insurance companies based in Europe.

Bancassurance

The Group is active in the bancassurance channel through agreements with the BPER Banca Group and Banca Popolare di Sondrio for the distribution of **Arca Assicurazioni** and **Arca Vita** products, and with Banca Intermobiliare for the sale of **BIM Vita** products. The marketing agreement for Fire and Credit Protection products in the Non-Life business and healthcare coverage products active with Unicredit Group, through **Incontra Assicurazioni**, is instead due to expire in 2023, without prejudice to any extensions connected to obtaining the authorisation from the competent authorities, with the disposal of the equity investment held in the company through exercise of the put option envisaged in existing shareholders' agreements.

Real Estate and Other Businesses

The Group is one of the leading real estate operators in Italy in terms of assets and is also active in the following sectors:

- hotel sector through **UNA Group**, which manages 50 facilities (hotels, residences and resorts through leases, franchises and management) in some of the main cities and most renowned tourist destinations in Italy;
- agricultural sector through **Tenute del Cerro**, owner of around 5,000 hectares of land in Tuscany and Umbria, of which 300 hectares of vineyards among the most sought-after for high quality wine production;
- healthcare sector with the **Villa Donatello and Centro Florence nursing homes** and the **Dyadea multi-specialist** centres, further strengthened during the year through the acquisitions described in more detail below;
- port facilities through **Marina di Loano**, centrally located in western Liguria and able to moor over 1,000 craft with lengths from 6 to 77 metres.

Through **UnipolSai Investimenti SGR**, the Unipol Group manages real estate investment funds.

Mobility, Welfare and Property ecosystems

Unipol is a point of reference in Mobility, Welfare and Property ecosystems, offering customers integrated skills and solutions:

- **Mobility**: the Group is a full partner for the entire mobility lifecycle, particularly with regard to management of the vehicle repair process with **UnipolService** and glass repairs through **UnipolGlass,** response to assistance requests with **Unipol Assistance,** resale of used cars (**Cambiomarcia** and **TenutaBene**), marketing of e-bikes (**Cambiobike**), the Long-Term Rental market with **Unipol*Rental*,** the electronic toll sector and the offer of mobile payments with **UnipolMove**, a **UnipolTech** brand that is telematics provider of UnipolSai and other Group companies.
- **Welfare**: the Group has developed new company welfare solutions through acquisition of the digital company **Tantosvago** and has strengthened its presence in the flexible benefits market thanks to the establishment of a new welfare provider, **Welbee**. Additional telemedicine, prevention and access to primary care services were also activated through the **DaVinci HealthCare** digital healthcare platform. Lastly, note the enhancement of Dyadea, through acquisition of the **Anton Maria Valsalva** and **Gratia et Salus** healthcare facilities.
- **Property**: the Group provides services relating to homes and condominiums, in particular through the development of a craftsmen network to ensure service quality and savings on insured services (**UnipolHome**) and through a network of franchise administrators for the provision of services to administrators and owners (**UniCasa**).

Leithà is the company specifically **dedicated to innovation.**
UnipolPay is an e-money institution (IMEL) authorised to provide electronic payment and e-money services in Italy;
Unipolis is the business foundation of the Unipol Group, and one of the most important tools for implementing social responsibility initiatives, within the framework of the more comprehensive sustainability strategy.

Significant events in 2022

COVID-19 - Impacts and initiatives of the Group

After two years characterised by major repercussions related to the spread from February 2020 of the Covid-19 pandemic, in 2022, also thanks to the success of the vaccination campaign, a substantial return to normal was possible in the dynamics of social life and production activities.
With reference to the Non-Life insurance business and in particular MV TPL, a return of road traffic to the levels of 2019 was therefore seen, with a consequent gradual recovery in the frequency of claims even if at levels lower than the pre-Covid period.
In the Non-Life Non-MV classes, the commercial drive by our sales networks along with the economic recovery in 2022 made it possible to considerably increase business.
As concerns the Life business, over the last few years the pandemic had no particular consequences in terms of premium trends or managed volumes.

Russia-Ukraine conflict

In the initial months of 2022, the international spotlight was dominated by the worsening of the conflict between Russia and Ukraine, which transformed into a large-scale war following Russia's invasion of Ukrainian territory. Aside from the heavy price in terms of human life and refugees, the effects of the conflict and the ensuing economic and financial sanctions imposed on Russia by the international community have had a considerable impact on the global economy. Some of the main impacts of the conflict are greater difficulty in the procurement of raw materials, with additional significant increases in the relative prices, and the risk of an already stressed supply chain becoming even more compromised.
This had repercussions on the cost of claims trend which, from the second half of 2022, saw significant increases in the average cost of claims settled with particular regard to MV TPL business. These increases, together with resumption of the frequency following the exit from the Covid emergency, led to the need for tariff adjustments to restore the technical balance of the class.
The ongoing conflict has also fuelled financial market tensions, with sharp declines in the international stock markets in the first part of the year, which then saw a partial recovery towards the end of 2022.
There was also a marked increase in interest rates deriving from the context of high inflation produced by sanctions on the export of raw materials of which Russia is an important producer and the response of central banks that have raised the cost of money on several occasions.
All this had repercussions on the Group's financial investments which, on the one hand, marked a significant deterioration in the net balance between implicit capital gains and losses, but on the other hand, thanks to the reinvestment of the flows produced, recorded better forward-looking profitability.
However, the Group does not carry out relevant economic activities in the area concerned by the conflict, does not hold, except to an extremely marginal extent, financial investments in securities of Russian or Ukrainian issuers, and is not a contractual party to any significant financial transactions with parties or entities subject to the international sanctions.

Opening New Ways, the Unipol Group's new 2022-2024 Strategic Plan

In May 2022, the "Opening New Ways" 2022-2024 Strategic Plan was presented, which aims to expand the positioning of the Unipol Group by continuing to open new ways in the Mobility, Welfare and Property ecosystems and in Bancassurance, also contributing to achievement of the sustainable development goals of the UN 2030 Agenda.

As in the past, the Group's strategies aim to create value for all its stakeholders based on the following distinctive assets:
- Brand equity and high reputation as key elements to building customer loyalty;
- Large customer base with a high level of engagement;
- Integrated data and analytics along the entire insurance value chain and in support of Beyond Insurance initiatives;
- Integrated and distinctive Motor Model, a key element of market leadership in MV TPL;

- Integrated Health Model as a key element for further development of the Group's leadership;
- Central nature of the Agency Network in the development of Group strategies;
- Banking networks with high growth potential in terms of insurance penetration of their customer base.

By leveraging the distinctive assets, the Strategic Plan is broken down across five strategic areas:
1. "Data Driven Omnichannel Insurance", to consolidate the Group's technical and distribution excellence through increasingly intensive use of Data and Analytics and develop a new platform for the insurance offering aimed at natural persons, strengthening the effectiveness of the first national agency network and completing the omnichannel evolution of the distribution model;
2. "Health and Life-Cycle Focus", with a view to strengthening leadership in Healthcare by leveraging the UniSalute centre of excellence supporting all of the Group's Distribution Networks and offering Life products from a Life-Cycle perspective and with the optimisation of capital absorption;
3. "Bancassurance Boosting", to strengthen the bancassurance business model, drawing on the Group's distinctive capabilities for the benefit of its various banking partners;
4. "Beyond Insurance Enrichment", to accelerate the evolution of the Group's offer by further extending the Mobility ecosystem and reinforcing the Welfare and Property ecosystems;
5. "Tech & People Evolution", to guide the digital evolution of the operating model through the intensive use of new technologies, data, automation and the evolution of the organisation.

Expansion of the Group scope in the Beyond Insurance Enrichment area

In the wake of the Beyond Insurance Enrichment area outlined by the "Opening New Ways" 2022-2024 Strategic Plan, in 2022, the first year of the plan, the following companies were acquired or established for the development of the Mobility, Property and Welfare ecosystems.
Aside from the transactions already described in the section above "Changes in the consolidation scope compared with 31 December 2021", on 16 December 2022 UnipolSai signed the contract to acquire the entire share capital of Società e Salute S.p.A., a company operating in the private healthcare sector under the brand name "Centro Medico Santagostino", from the L-GAM investment fund. This transaction constitutes a significant component of the welfare ecosystem, concerning the development and direct management of a network of health centres. Indeed, Centro Medico Santagostino, with its 34 offices, is one of the main operators in Lombardy, particularly in the Milan area; it relies on the collaboration of around 1,300 doctors, with a service offering aimed at guaranteeing a high quality patient experience at accessible conditions and with reduced waiting times, also thanks to technological innovation, which is one of the distinctive factors of the company. It is expected that, having obtained the necessary authorisations, the transaction will be completed by April 2023.

Termination of the agreement with Intesa Sanpaolo SpA

10 February 2022 saw the conclusion of the jointly agreed termination of the agreement signed on 17 February 2020 between UnipolSai and Intesa Sanpaolo SpA in the broader context of Intesa Sanpaolo's launch of a public exchange offer on 100% of UBI Banca shares and the related acquisition of business units referring to one or more insurance company investees of UBI Banca. This termination was the result of the assessment, agreed between the parties, of the transaction no longer being convenient and of mutual interest, taking into account the implementation costs and complexities.

Early repayment of loan disbursed by UnipolSai to Unipol Gruppo maturing in 2024

On 1 March 2022, exercising the contractually envisaged right to early repayment, Unipol arranged full repayment of the €300m loan disbursed by UnipolSai on 1 March 2019, granted as part of the sale to Unipol of the shareholding in Unipol Banca SpA and in UnipolReC SpA.

Marketing of the UnipolMove device

After being the first company at national and European level to obtain accreditation for the European electronic toll service, in March 2022 UnipolMove began marketing the electronic motorway toll payment service to all Group customers.

Sale of the UnipolReC loan portfolio en bloc

In May 2022, as a result of the interest formally expressed by some operators in the sector for the acquisition of the portfolio of non-performing loans held by the investee UnipolReC (the "Portfolio"), a competitive selection process was launched for a buyer to be identified among the major market players.
As part of this process, at the end of the due diligence phase carried out with reference to the accounting situation at 31 March 2022, as a result of the binding offers received, the proposal of the company AMCO was selected, received on 2 August, and which provided for the sale en bloc without recourse of the Portfolio, for an amount of €307m, corresponding to 11.9% of the Gross Book Value at 31 March 2022, equal to €2.6bn. The sale was finalised on 14 December 2022 after obtaining Bank of Italy authorisation. Possible compensation in favour of the buyer was envisaged in the sale agreements if certain conditions were met, with respect to which the appropriate provisions were recognised in the financial statements of UnipolReC at 31 December 2022, which closed with a loss of €52m.

Moody's raises UnipolSai's rating to "Baa2" and later changes the outlook

On 24 May 2022, the Moody's rating agency upgraded the Insurer Financial Strength Rating (IFSR) of UnipolSai Assicurazioni SpA from "Baa3" to "Baa2", i.e. one notch above Italy's rating (Baa3/Stable outlook). As a result, the ratings of the debt issues all improved as follows:
- the rating of the subordinated bonds of UnipolSai Assicurazioni SpA increased by one notch to "Ba1";
- the rating of the RT1 perpetual subordinated bond of UnipolSai Assicurazioni SpA increased by two notches to "Ba2 (hyb)".

The rating agency initially maintained the outlook of the above-mentioned ratings at "stable".
In its decision, the Moody's Committee recognised the improvement of the Group's credit profile and increased resilience in the face of potential stress scenarios, particularly with reference to Italian government bonds. The Agency also recognised the validity of the strategy, a very strong market position and distribution capacity and the improvement in the financial profile, particularly as regards profitability and capital strength, with a solvency ratio less sensitive to market fluctuations.

Subsequently, on 9 August 2022 Moody's confirmed the Insurance Financial Strength Rating of UnipolSai Assicurazioni SpA at "Baa2", lowering its outlook from "Stable" to "Negative" after the similar action carried out on Italy's rating.
In its decision, the Moody's Committee considered the high exposure of UnipolSai's assets and liabilities to the country.
The debt issue ratings are also confirmed:
- the subordinated bonds of UnipolSai Assicurazioni are confirmed at "Ba1";
- the RT1 perpetual subordinated bond of UnipolSai Assicurazioni is confirmed at "Ba2 (hyb)".

Exercise of the put option on the equity investment in Incontra

On 1 July 2022, UnipolSai received formal termination from UniCredit SpA of the shareholders' agreement signed on 30 October 2017 between the two parties in relation to the company Incontra Assicurazioni SpA. Following this termination, on 29 July 2022, UnipolSai exercised the put option due to it on the basis of the agreement, concerning the equity investment held in Incontra Assicurazioni. Pursuant to the agreement, UnipolSai and UniCredit have 14 months (subject to legal authorisations) to finalise the transfer of the equity investment.

Renewal of bancassurance agreement with BPER and Banca Popolare di Sondrio

On 22 December 2022, UnipolSai signed agreements for renewal of the bancassurance partnership with BPER Banca SpA ("BPER") and Banca Popolare di Sondrio SpA ("BPSO") relating to the distribution of Life and Non-Life insurance products of Arca Vita SpA ("Arca Vita"), Arca Assicurazioni SpA ("Arca Assicurazioni") and Arca Vita International DAC ("Arca International"). When these agreements were renewed, the distribution by the above-mentioned banks of the "health" insurance products of UniSalute SpA ("UniSalute") was also governed by autonomous agreements that were also entered into.
The agreements make it possible to continue the partnership with BPER and BPSO for a period of 5 years starting from 1 January 2023, at terms substantially aligned with those expiring at the end of December 2022.
As BPER qualifies as a related party of UnipolSai, the signing of the agreements is a transaction of "greater relevance" for it, pursuant to the Regulation adopted by CONSOB with resolution no. 17221 of 12 March 2010, as amended ("RPT Regulation"), and the "Procedure for transactions with related parties" adopted by the UnipolSai Board of Directors ("RPT Procedure"). Therefore, the transaction was approved by the UnipolSai Board of Directors after obtaining the favourable opinion of the Related Party Transactions Committee regarding the interest of UnipolSai and its

subsidiaries (specifically, Arca Vita, Arca Assicurazioni, Arca International and UniSalute) in the completion of the transaction as well as the cost effectiveness and substantial fairness of the relative conditions.
For additional information on the transaction, please refer to the information document drawn up by UnipolSai pursuant to and for the purposes of Article 5 of the RPT Regulation, as well as Article 14 of the RPT Procedure, made available to the public, on 22 December 2022, at the headquarters of UnipolSai, on the authorised storage mechanism eMarket Storage (www.emarketstorage.com), and on the website of UnipolSai (www.unipolsai.com - "Governance/Related-Party Transactions" section).

UnipolSai's support for the populations struck by the Marche flood

On 21 September 2022, UnipolSai launched a structured and integrated plan of actions in favour of populations affected by the September floods in the Marche region, with the aim of supporting customers and agencies resident in areas affected by the flood.
In a context of difficulty and suffering, UnipolSai committed to facilitating claims management, granting significant extensions and deferrals and providing adequate and timely responses by activating a dedicated toll-free number.

UnipolSai and Linear: partnership with Pedius

In February 2022, UnipolSai and Linear announced the launch of the roadside assistance service as part of the Pedius app, which integrates functions for the hearing impaired and all individuals who cannot, temporarily or permanently, communicate verbally, transforming into a voice message any text entered and thereby removing communication barriers through the use of voice recognition and synthesis technologies.

Dyadea inaugurates the first paediatric hub

Since 20 June 2022, the first paediatric hub dedicated to patients aged 0 to 14 years has been in operation at the Dyadea Medical Centres in Bologna. The hub is coordinated by a paediatrician and will include a team of professionals consisting of 27 physicians covering 21 specialities to meet all healthcare needs, the only private multi-disciplinary paediatric hub in Bologna which is also equipped to handle emergencies.

Trade union agreement regarding Personnel and access to the Solidarity Fund

In October 2022, UnipolSai and the other Italian subsidiary insurance companies signed trade union agreements on voluntary early retirement arrangements for the employees of those companies that meet pension requirements by 2027. In view of preliminary enrolments by potential members of the pre-retirement plan, a charge of €199m (€137m net of taxes) was recognised at Group level.
Please also note that during the 2020-2021 two-year period, trade union agreements were entered into in relation to mutually agreed termination of employment contracts for executive personnel meeting pension requirements by 31 December 2024. These personnel will receive a cheque paid by the company that is equivalent to the future pension, until the state pension requirements are met. The mutually agreed termination of contract involved 12 executives in 2022.

UnipolSai one of the founding members of Bologna Tecnopolo

UnipolSai Assicurazioni is one of the founding members of “Tecnopolo” (National HPC, BigData and Quantum Computing Centre), established in September 2022 with the triple purpose of building a supercomputing infrastructure unique in Italy, to aggregate research and innovation resources in strategic sectors for the country and becoming the national reference platform for scientific and business initiatives.

Agreement with Snam for an ESG insurance programme

In October 2022, Snam and UnipolSai entered into an agreement for the creation of a third-party liability policy that takes into account the ESG (Environment, Social and Governance) objectives of the San Donato Milanese company.
Through the insurance agreement with Snam, UnipolSai recognises the significance of policies and actions linked to sustainability in the pricing of risk, but above all rewards the policyholder’s commitment to risk prevention with a view to creating shared value.
With this in mind, the UnipolSai Third Party Liability policy provides for a reduction in the annual premium of Snam Rete Gas upon the achievement of certain objectives regarding the reduction of methane emissions that contribute to the

abatement of the company's “Scope 1” emissions, thanks to investments made in modernising and monitoring gas network infrastructure.
Through this initiative, UnipolSai aims to reward Snam's ability to implement actions intended to reduce environmental risks, as an example of a virtuous company in the Italian landscape. Indeed, companies that translate ESG (Environment, Social and Governance) values into concrete actions can obtain more advantageous insurance coverage by virtue of their ability to reduce the operational risks associated with their business.
By developing different investment formats linked to specific environmental or social results, this initiative makes a significant contribution to the development of the first ESG-Linked insurance instruments that generate savings for companies capable of demonstrating their achievement of the United Nations 2030 Agenda Sustainable Development Goals.

Participation in the Net Zero Asset Owner Alliance

Also in May 2022, Unipol joined the Net-Zero Asset Owner Alliance to reduce the emissions of its investment portfolios to net zero greenhouse gas emissions by 2050, also committing to take action for the engagement of investee companies.

Completion of a securitisation transaction by UnipolRental

In *November 2022,* UnipolRental was the first in Italy among long-term rental operators to complete an innovative securitisation transaction. The transaction was carried out through the granting by a special purpose vehicle of a loan pursuant to Art. 7, paragraph 1, letter (a) of Italian Law 130, the repayment of which is guaranteed by special-purpose assets set aside pursuant to Art. 4-bis of Italian Decree Law 162/2019 (Milleproroghe Decree), which includes the car rental contracts held by Unipol*Rental*, as well as the vehicles underlying these contracts. The transaction, which saw a leading investment bank act as Arranger and provider of the Senior Loan to the SPV, leverages a guarantee established on the core company assets (long-term rental contracts and the fleet of motor vehicles) and has the primary objective of supporting the company's Strategic Plan. The net liquidity acquired at closing amounted to €481m, against debt of €520m and sums withheld by the lender as an accessory guarantee of €39m.

Advertising and Sponsorships

Partnership between UnipolSai and Ducati Corse
8 March 2022 saw the renewal, for the sixth consecutive year, of the partnership between UnipolSai and Ducati for the 2022 MotoGP World Championship.

UnipolSai and the World Swimming Championships
At the World Championships in Budapest, which ended on 3 July 2022, the Italian athletes on the Italian Swimming Federation's National Team, of which UnipolSai is the main sponsor, won 22 medals, setting the new all-time record for medals won at the World Championships.

UnipolSai Davis Cup Regional Partner
In September, one of the four groups of the final round of the 2022 Davis Cup was held in Bologna, with the support of the Group as Regional Partner.

UnipolSai Title Sponsor of the top basketball championship
Again for the 2022/2023 season, which began in September, UnipolSai is supporting the Serie A Basketball League as Title Sponsor of the LBA Championship and Presenting Sponsor of the Final Eight of the Italian Cup and Super Cup.

A.2 Underwriting performance

Lines of Business

The Group carries out insurance and reinsurance activities in both the Non-Life sector and the Life sector.

The tables below show the amounts recorded for premiums written, premiums earned, claims incurred, changes in other technical provisions and expenses, broken down by Group line of business, to match the quantitative model ("Quantitative Reporting Template" or "QRT") S.05.01.01 "Premiums claims and expenses by LoB", which can be found among the annexes of this report.

To provide a better understanding of the "underwriting performance" object of this disclosure with respect to data reported in the consolidated financial statements, we note the following:
- all items, reported below, are shown net of the amount ceded under reinsurance agreements;
- "premiums written" include the premiums written in the reference period, net of the reversals and profit participation, as well as reversals of premiums issued during the year;
- "premiums earned" include, in addition to premiums written, the change in pro rata premium provision and the provision for unexpired risks. For the Life business, the change in the provision for premiums brought forward is included;
- "claims incurred" includes all charges related to claims paid out and the change in the provision for direct reimbursements and expenses, while, in compliance with the specific directions provided by legal and regulatory provisions, this item does not include the settlement expenses and the corresponding change in the provision for settlement expenses. This item also includes contributions of a technical nature, such as, for example, the fund for victims of road accidents, the legal defence costs, the amounts recovered or to be recovered from third parties for deductibles and/or reimbursements and some specific technical charges that by nature may be treated as claim expenses (for example the contribution to the management of MV TPL claims);
- the "changes in other technical provisions" includes all other provisions not included in the previous item. For the Life business, the change in the mathematical provisions and the Class D provisions were also allocated to this item;
- the "expenses incurred" include all expenses of the period directly related to the specific activity such as the commissions and any other acquisition charge, collection commissions, administrative expenses, investment management charges, some technical charges that for their nature may be treated as expenses, for example convention costs, the CARD contributions and management rights, as well as the settlement expenses and the change in the corresponding provision for expenses as required by reference provisions;
- in the case of net gains (losses) and/or other income statement items (e.g. changes in provisions) that can take values both positive and negative, the negative figures represent a cost for the Group.

If it is believed to be useful for a clearer description, as required by Art. 307 of the Regulation, in the rest of the paragraph we will comment on the underwriting performance of the main LoBs, bringing their perimeters back to those identified on the basis of activity classes ("Classes") identified in the Insurance Code, Legislative Decree 7 September 2005, No. 209, Art. 2.

Non-Life insurance business

In the Non-Life segment, direct premiums at 31 December 2022 amounted to €8,304m, up significantly (+4.5%) compared to the previous year (€7,943m at 31/12/2021).

The MV segment was up by 1.3% compared to the previous year, recording premiums of €3,888m. 2022 was characterised by a gradual recovery in the claims frequency after the Covid-19 pandemic, accompanied by a significant increase in the average cost of claims due, in particular, to the pressure of inflation on vehicle repair costs. The Group's MV premiums were positive, thanks to both the increase in the customer portfolio and the sale of accessory guarantees ("Land Vehicle Hulls" class), which recorded 5.6% growth in premiums.
The performance of the Non-MV segment was very positive, with premiums of €4,416m and growth of 7.6% compared to 31 December 2021. All of the Group's main sales channels and business units contributed to this result, particularly those in the Welfare ecosystem.

The direct business "combined ratio" (including oti ratio), which also includes operating expenses, came to 91% of premiums earned, against 92.5% at 31 December 2021.

We describe below the qualitative and quantitative results of the underwriting activities of the Group, both at the aggregate level, and by line of business / geographic area in which the activities were carried out during the reference period.

Non-life underwriting performance

Amounts in €k	Line of business	Premiums written (a)	Premiums earned (b)	Claims incurred (c)	Changes in other techcnical provisions (d)	Expenses incurred (e)	Other expenses (f)	Underwriting performance (g)=(b)-(c)+(d)-(e)-(f)
Insurance and reinsurance obligations (direct business and accepted proportional reinsurance)	1- Medical expense insurance	894,806	872,496	506,672	(1,520)	253,780		110,524
	2-Income protection insurance	685,420	656,394	315,381	478	274,587		66,904
	3-Workers' compensation insurance							
	4-Motor vehicle liability insurance	3,020,755	3,048,515	2,106,301	2	1,011,192		(68,975)
	5- Other motor insurance	898,140	862,011	523,620	1	314,246		24,145
	6-Marine, aviation and transport insurance	66,388	67,300	47,590	21	25,767		(6,036)
	7-Fire and other damage to property insurance	1,235,567	1,216,635	694,629	(36)	580,299		(58,329)
	8-General liability insurance	743,649	735,818	111,124	1	286,195		338,501
	9-Credit and suretyship insurance	26,765	25,279	(10,583)	(67)	15,734		20,062
	10-Legal expenses insurance	22,979	21,464	709		(16,004)		36,759
	11-Assistance	238,431	231,649	80,455		124,610		26,583
	12-Miscellaneous financial loss	81,964	75,351	44,031	1	35,183		(3,862)
Accepted non-proportional reinsurance	13- Health	469	461	543		77		(159)
	14-Casualty	59,139	58,475	51,063		9,312		(1,899)
	15-Marine, aviation and transport	7	7	194		6		(193)
	16-Property	3,675	2,906	22,083		1,361		(20,538)
	Total	7,978,154	7,874,762	4,493,811	(1,119)	2,916,344		463,488

Non-life underwriting performance 2022 and 2021

Amounts in €k	Line of business	Underwriting performance 2022	Underwriting performance 2021	Change on 2021
Insurance and reinsurance obligations (direct business and accepted proportional reinsurance)	1- Medical expense insurance	110,524	70,365	40,159
	2-Income protection insurance	66,904	84,803	(17,899)
	3-Workers' compensation insurance			
	4-Motor vehicle liability insurance	(68,975)	137,390	(206,366)
	5- Other motor insurance	24,145	27,709	(3,563)
	6-Marine, aviation and transport insurance	(6,036)	(2,246)	(3,789)
	7-Fire and other damage to property insurance	(58,329)	(102,719)	44,390
	8-General liability insurance	338,501	99,131	239,370
	9-Credit and suretyship insurance	20,062	36,193	(16,131)
	10-Legal expenses insurance	36,759	39,678	(2,918)
	11-Assistance	26,583	37,714	(11,131)
	12-Miscellaneous financial loss	(3,862)	23,307	(27,168)
Accepted non-proportional reinsurance	13- Health	(159)	227	(385)
	14-Casualty	(1,899)	8,745	(10,644)
	15-Marine, aviation and transport	(193)	(159)	(33)
	16-Property	(20,538)	(66,055)	45,517
	Total	463,488	394,082	69,406

Premiums written, equal to €7,978,154k (€7,755,383k at 31/12/2021), correspond to the amount of premiums related to proportional direct and indirect business (€7,914,865k compared to €7,641,964k at 31/12/2021) and non-proportional indirect business (€63,290k compared to €113,419k at 31/12/2021).

Premiums earned, equal to €7,874,762k (€7,787,404k at 31/12/2021), correspond to the amount of premiums related to proportional direct and indirect business for €7,812,912k (€7,674,308k at 31/12/2021) and proportional indirect business for €61,850k (€113,095k at 31/12/2021).

Claims incurred were €4,493,811k (€4,569,684k at 31/12/2021), with €4,419,929k related to proportional direct and indirect business (€4,416,515k at 31/12/2021) and €73,883k related to non-proportional indirect business (€153,168k at 31/12/2021).

There were no significant variances in the change in the component of other technical provisions.

Expenses incurred of €2,916,344k were up slightly compared with the figure from the previous year (€2,820,717k), of which:
- administrative expenses for €447,234k (€426,139k at 31/12/2021);
- expenses for the management of investments for €23,904k (€27,419k at 31/12/2021);
- expenses for the management of claims for €500,905k (€495,415k at 31/12/2021);
- acquisition costs were €1,393,011k (€1,350,696k at 31/12/2021), of which €149,093k relating to indirect business, net of the reinsurers' share equal to €302,302k (€219,886k at 31/12/2021);
- overheads for €551,290k (€521,048k at 31/12/2021).

Overall, the Non-Life business recorded a positive underwriting performance of €463,488k (€394,082k at 31/12/2021), the breakdown by LoB of which is shown in the previous tables.
We provide below some brief comments on the underwriting performance of the main LoBs.

The positive performance in LoB 1 and LoB 2, albeit, with reference to LoB2, down compared to the previous year, reflected, albeit with a different segmentation, the performance of the Accident and Health Classes. In particular, despite continuing difficulties in the macroeconomic context, the positive result achieved in LoB 1 rose over the previous year, also thanks to the recovery in business after the most critical phase of the Covid emergency had been put behind us as well as the improvement in the loss ratio.
In the retail sector, particularly in the second half of the year, sales campaigns and commercial initiatives led to significant growth in new business and supported retention, although a negative balance remains between the number of newly issued and discontinued contracts. In the collective hedging segment, some disposals of significant amounts were recorded last year, only partially offset by new acquisitions.
The total cost of claims was up due to the increase in the number of claims, in particular for those risk sectors that had suffered a sharp slowdown in activities in 2021.

By contrast, growth in premiums in the Health class was caused by an extraordinary incentive for new business granted in the final four months of 2022, which concerned all products in this class. With regard to claims, after the effects of the 2020 lockdowns and extraordinary initiatives, such as coverage for quarantining at home after testing positive for Covid-19, which also continued to a certain extent in 2021, the number of claims increased since the population resumed taking advantage of prevention services and specialist assessments not carried out during the acute phase of the pandemic, resulting in an increase in the amount of claims not proportional to the number reported due to the low average cost of these services.
The factors cited above caused a deterioration in the class's technical balance.

The negative underwriting performance of €68,975k (positive for €137,390k in 2021), shown in LoB 4 (Motor vehicle liability insurance), corresponding to Class 10 (Land vehicle TPL), shows a decrease compared to the previous year due to factors that negatively affected the technical KPIs of the class: on the one hand, the return to normality and therefore to traffic similar to the pre-pandemic period led to a recovery in the claims frequency, and on the other hand, a significant increase in the average cost of claims, the main causes of which are:

- strong growth in the inflation rate and the resulting increase in prices of spare parts, which impacted the cost of claims with property losses;
- the updating of the Tables relating to minor injuries by the Italian Ministry of Economic Development on the basis of inflation trends;
- amendments by the Court of Milan to the mechanisms for quantifying family member losses on claims with fatalities.

The LoB also recorded a recovery in premiums as early as the second quarter, which led to a substantially nil change at year-end, in sharp contrast to the significant drops recorded in previous years.
The number of individual policies at the end of 2022 also showed basically no change, mainly due to new business relaunch actions. The growth recorded in the company car fleets segment, consistent with market trends, which reward innovative vehicle use methods such as long-term rental and car sharing, made it possible to record a slight increase in the overall portfolio.
In conclusion, the growth in claims reported compared to the previous year (albeit lower than in 2019) and the growth in the average cost led to a deterioration of the technical result of this class.

The positive result obtained in LoB 5 (Other motor insurance), corresponding to Class 3 (Land Vehicle Hulls), equal to €24,145k, is confirmed as balanced on the whole.
Premium growth was recorded in 2022, due in particular to the individual policy development trend.
The increase in the number of contracts in the portfolio as well as the recovery in the average premium, driven by tariff changes made particularly on several significant guarantees, such as Natural Events, were amongst the main factors impacting premium growth.
Following the post-pandemic resumption of traffic, the number of claims reported was up compared to 2021, as was the relative total cost.

For LoB 7 (Fire and other damage to property), corresponding to Class 8 (Fire) and Class 9 (Other damage to property), the negative underwriting performance was primarily due to the following trends:

- as regards the Fire class, a modest increase in premiums was confirmed, concerning in particular the large corporates sector, which continues to record a general increase in the taxation of risks already in the portfolio as well as a decrease in underwriting capacity available in the market, which allowed for the acquisition of new risks. With respect to Individual and, especially, Small and Medium Enterprise cover, the increase in premiums was instead more limited.

With regard to claims, there was a sharp increase in both the number and the cost of claims reported, also due to the resurgence of losses deriving from atmospheric phenomena and major claims, including an especially large one, which drove down the technical result of this class.

- in the Other Damage to Property class, the upward trend in premiums already under way in the first half of 2022 was confirmed, particularly for the Technological Risk segment, again supported by the Superbonus 110%, and for the homes sector.

  The data relating to claims were also positive, with a decrease in both the number of claims reported and the amounts paid. The trend is generalised across the various sectors, including the Hail segment, which is clearly developing, leading to an improvement in the result of the class.

The performance of LoB 8, corresponding to Class 13 (General TPL), markedly better than 2021, remains heavily influenced by activities linked to the Superbonus 110% certification sector, but Small and Medium Enterprises and the Corporate segment also contributed to this development.
Despite the resumption of some post-pandemic activities, the number and cost of claims were down compared to the previous year.
The class result was confirmed as broadly positive, as a result of the recovery policies enacted over the years and the careful risk selection policy.

LoB 9, which corresponds to Classes 14 and 15 (Credit and Bonds), shows a slight decrease in the positive result for the year 2022. Underwriting policies continued to be marked by considerable caution, thus mitigating the upward drive in premiums and the size of the surety policy portfolio. The uncertain economic scenario resulted in the confirmation of a highly prudential underwriting policy; assistance continued to be provided to the Company's well-established customers, provided they maintained a satisfactory credit rating. The conflict in Ukraine has not yet had any repercussions on the portfolio.
This year, the downward trend in terms of new claims was confirmed, while settlements saw an increase essentially due to the payment of energy sector claims reported towards the end of 2021. Recovery/compensation actions continued with respect to policyholders in relation to claims opened in previous years. Provisioning remained oriented to criteria of particular prudence. There were also positive developments in disputes initiated in previous years.
In the Credit segment, the Company operates only on request of customers without any commercial initiatives required. Premiums confirmed a marginal amount, based on extremely modest, insignificant values.

LoB 10 Legal expenses insurance, corresponding to the same Class 17 Legal Expenses, is substantially balanced with respect to the previous year. Within the LoB, the growth in premiums continued for all segments: Motor, Business, Public Entities and Individuals. Premiums written are mainly driven by the recovery of the number of contracts in the TPL class. The slight increase in the number of claims reported and the increase in costs did not compromise the positive technical result of the class.

As regards LoB 11 Assistance, corresponding to the same Class 18, measures were taken to revise the product and increase tariff customisation in relation to the margin recovery programme undertaken in this sector, in addition to initiatives aimed at limiting the costs of services.
Premiums increased due to growth in the number of guarantees and the rise in the average premium.
By contrast, with regard to claims, the increase in claims reported is partly linked to portfolio development, while as regards the cost of compensation, the effects of inflationary pressures led to an increase in the cost of services.
On the whole, the results are confirmed as very positive and consistent with the objective of bringing the class back to the best levels seen in the market.
The decrease in the result of LoB 12 Miscellaneous financial loss, corresponding to the same class 16, is determined by the growth in the post-pandemic claims caused by the resumption of tourism and traffic. The sharp increase in the amount paid was affected by some serious claims, inherent in the business segment, which overall determined the worsening of the technical result of the class despite the significant increase in premiums deriving from the recovery of the Tourism sector and the growth of corporate risks, in particular relating to Cyber coverage.

Life insurance business

In 2022, the Unipol Group recorded total premiums (direct and indirect business) of €5,341m (-0.8% compared to €5,386m in 2021). A summary of the performances of the main Group companies is provided below.

With reference to **UnipolSai**, the individual policy sector recorded a 7.7% decline compared to the year 2021. Please also note that in 2022 premiums for Class I and Class IV single-premium revaluable products were limited to customers that reinvested sums deriving from the benefits due from the Company on the basis of other insurance contracts.
Again in the individual sector, Class IV premiums continued to increase (+63.2%) which shows the constantly growing interest in products with long-term care coverage. Compared to the previous year, there was also a slight decrease in Class III premiums (–3.9%).

Collective policy premiums showed an increase compared to the same period of the previous year (+56.0%) due to the acquisition of the new Class VI pension funds (+123.4%).

The slight decrease in first-year premiums compared to the previous year (–1.4%) is mainly attributable to Class I premiums (–4.2%), while single premiums increased (+21.9%), particularly due to the increase in Class VI (+123.4%). Periodic premiums (+5.3%) and single premiums (+21.9%) were up.

In the bancassurance channel, **Arca Vita** and its subsidiary **Arca Vita International** recorded premiums (including investment products) amounting to €1,894m (€2,423m at 31/12/2021). The volume of total investments reached the amount of €12,584m (€13,894m at 31/12/2021). The profit of Arca Vita, net of dividends collected from the subsidiaries, was €61.1m (up compared to €39.4m recognised at 31/12/2021), and that of Arca Vita International was €0.5m (€0.8m at 31/12/2021).

BIM Vita recorded a profit of €1.5m at the end of 2022, down compared to 31 December 2021 (€1.9m). Gross premiums written amounted to around €21m (down compared to around €51m at 31/12/2021). The volume of total investments was €581m (€704m at 31/12/2021).

Life underwriting performance

Amounts in €k	Line of business	Premiums written (a)	Premiums earned (b)	Claims incurred (c)	Changes in other techcnical provisions (d)	Expenses incurred (e)	Other expenses (f)	Underwriting performance (g)=(b)-(c)+(d)-(e)-(f)
Life insurance obligations	1-Health insurance							
	2-Insurance with profit participation	2,891,336	2,896,962	2,521,650	(950,139)	284,680		(859,507)
	3-Index-linked and unit-linked insurance	2,249,648	2,249,648	843,729	(490,652)	80,464		834,803
	4-Other life insurance	180,547	173,701	49,125	(30,962)	48,447		45,166
	5-Annuities stemming from non-life insurance contracts and relating to health insurance obligations							
	6-Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations							
Life reinsurance obligations	7-Health reinsurance							
	8-Life reinsurance	231	230	283	15	160		(198)
	Total	5,321,762	5,320,541	3,414,787	(1,471,738)	413,752		20,264

Life underwriting performance 2022 and 2021

Amounts in €k	Line of business	Underwriting performance 2022	Underwriting performance 2021	Change on 2021
Life insurance obligations	1-Health insurance			
	2-Insurance with profit participation	(859,507)	(904,938)	45,431
	3-Index-linked and unit-linked insurance	834,803	(380,198)	1,215,001
	4-Other life insurance	45,166	45,713	(547)
	5-Annuities stemming from non-life insurance contracts and relating to health insurance obligations			
	6-Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations			
Life reinsurance obligations	7-Health reinsurance			
	8-Life reinsurance	(198)	(155)	(43)
	Total	20,264	(1,239,578)	1,259,841

Premiums written, equal to €5,321,762k (€5,369,271k at 31/12/2021), consisted of premiums related to direct business (€5,321,530k compared to €5,369,011k at 31/12/2021) and premiums related to indirect business (€231k compared to €261k at 31/12/2021).

Premiums earned amounted to €5,320,541k (€5,368,978k at 31/12/2021), of which €5,320,311k relating to direct business (€5,368,718k at 31/12/2021) and €230k relating to indirect business (€260k at 31/12/2021).
Claims incurred were €3,414,787k (€3,271,521k at 31/12/2021), with €3,414,504k related to direct business (€3,270,660k at 31/12/2021) and €283k related to indirect business (€861k at 31/12/2021).

The decrease in other provisions totalled -€1,471,738k (-€2,950,300k at 31/12/2021).

The "expenses incurred" were €413,752k (€386,734k at 31/12/2021) and included:
- administrative expenses for €120,384k (€113,766k at 31/12/2021);
- expenses for the management of investments for €114,225k (€105,498k at 31/12/2021);
- expenses for the management of claims for €4,839k (€4,609k at 31/12/2021);
- acquisition costs for €66,535k (€64,349k at 31/12/2021), net of the reinsurers' share equal to €4,222k (€2,320k at 31/12/2021);
- overheads for €107,769k (€98,512k at 31/12/2021).

On the whole, the Life business recorded a net profit of €20,264k (negative €1,239,578k at 31/12/2021), determined by a negative underwriting performance equal to €859,507k of the LoB "Insurance with profit participation" (Class I and Class V), a positive €834,803k of the LoB "Index-linked and unit-linked insurance" (Class III and VI) and a positive result of €45,166k from the LoB "Other life insurance" (Class IV). Lastly, the result of indirect business, completely marginal in the Life segment, was negative for €198k.

We note that, as required by legal and regulatory provisions, the positive and negative income items that produce the net underwriting performance of the Life business do not include the income of the financial assets to which the revaluation of the services provided to policyholders is linked, which helped determine the result of the investment activity discussed in Paragraph A.3 'Investment performance' below.

The policies in the LoB Insurance with profit participation, which record premiums written equal to €2,891,336k (€3,496,395k at 31/12/2021), have the most significant impact on total premiums of the Life business, showing the preference of customers for products offering financial protection such as the revaluable products.

The LoB Index-linked and unit-linked insurance, with premiums written for €2,249,648k (€1,704,606k at 31/12/2021), includes the activity for the management of mutual funds created for the provision of services in the case of death, in the case of life or in the case of discontinuance or curtailment of work activity and the insurance on the length of human life, whose main benefits are directly linked to the value of units of a UCITS, or the value of the assets in an internal fund or else to an index or other reference values.

The LoB Other life insurance also includes the premiums, claims, provisions and expense components deriving from “temporary insurance in the event of death”, as required by regulations.

Geographic areas

As regards direct business, for all lines of business specified in Annex I to the Delegated Regulation (EU) 2015/35, information must be broken down by the country in which the contract was concluded, which is understood to be:

- the country in which the insurance company is located (country of origin), if the contract was not sold through a branch or under the freedom to provide services;
- the country in which the secondary office is located (host country), if the contract was sold through a branch;
- the country in which the freedom to provide services was notified (host country), if the contract was sold under the freedom to provide services.

Unlike what is specified above, direct insurance activity for LoB 1 Medical expense (Classes 1 and 2), LoB 2 Income protection (Classes 1 and 2), LoB 7 Fire and other damage to property (Classes 8 and 9) and LoB 9 Credit and suretyship (Classes 14 and 15), is reported by the country in which the risk is located.

For proportional and non-proportional reinsurance, the information is provided according to the country in which the transferring company is located.

We note, in this regard, that the Group carries out its insurance activity almost exclusively in Italy.

A.3 Investment performance

Investment performance in 2022

Financial management benefitted from the increase in the profitability of new investments, focusing on investment grade securities with a good coupon profile, with a simultaneous improvement in terms of diversification and the overall risk-return profile.
The Group's insurance financial investment portfolio obtained a return of 3.1% of invested assets (unchanged from 31/12/2021), thanks to the excellent contribution of the coupons and dividends component.

As regards **bonds**, a prudent approach was maintained, assuming a positioning consistent with a context of rising interest rates and persistent inflation.
The year was characterised by a restructuring of the exposure to government bonds and a reduction in exposure to Italian government bonds.
The non-government bond component recorded an increase in the Life segment and a reduction in the Non-Life segment during the year, concerning primarily financial issuers in the category of subordinated and corporate bonds to reduce the portfolio's risk profile, also in view of the now upcoming transition to the new IFRS 9 accounting standard.

The fixed rate and floating rate components of the bond portfolio amounted respectively to 90.8% and 8.2%. The government component accounted for approximately 63.6% of the bond portfolio whilst the corporate component accounted for the remaining 36.4%, split into 25.9% financial and 10.5% industrial credit.
88.5% of the bond portfolio was invested in securities with ratings of BBB- or above. 10.5% of the total is positioned in classes AAA to AA-, while 19.1% of securities had an A rating. The exposure to securities in the BBB rating class was 58.9% and includes Italian government bonds, which make up 42.9% of the total bond portfolio.

Equity exposure rose in 2022 by €289m. Transactions concerned securities of issuers diversified in terms of both sector criteria and geographical factors, reducing the exposure to ETFs (Exchange Traded Funds) and privileging single stock acquisitions. Almost all equity instruments belong to the main share indexes of developed countries.
Strategies in options (calls and call spreads) at 3 and 5 years were also carried out, replicating the acquisition of the Eurostoxx50 index, for a total value of roughly €500m. This strategy makes it possible to benefit from any market increase over the next 4 years, limiting negative impacts to only the expense incurred for the acquisition of the premium.

Exposure to **alternative funds**, a category that includes Private Equity Funds, Hedge Funds and investments in Real Assets, amounted to €2,059m, an increase of approximately €486m compared to 31 December 2021.

Currency operations were actively managed following the performance of currency prices with a view to managing net exposure to the currency risk of outstanding equity and bond positions.

The breakdown of current gains (losses) on investments and financial income (charges) and gains and losses on trading are shown in the tables below.

Please note that the net gains at 31 December 2022 include the net gain of €288m, deriving from consolidation using the equity method of BPER Banca, of which €166m originating from the effects of the recognition of badwill deriving from the acquisition of CARIGE and €41m for the change in the Unipol Group's interest in BPER Banca against the increase in the interest in BPER from 18.9% to 19.9%.

Realised income and charges

	Amounts in €k	Interests	Other income	Other charges	Reaised gains	Realised losses	Total realised gains and losses (1) 2022	Total realised gains and losses (1) 2021	Var.%
Balance on investments		**1,597,140**	**840,235**	**(219,721)**	**662,960**	**(856,010)**	**2,024,604**	**1,856,708**	**9.0**
a	Arising from investment property		82,782	(25,207)	2,364	(6,383)	53,556	118,374	(54.8)
b	Arising from investments in subsidiaries, associates and interests in joint ventures		348,198	(266)			347,931	151,080	130.3
c	Arising from held-to-maturity investments	15,901					15,901	17,301	(8.1)
d	Arising from loans and receivables	174,324		(20)	35,419	(34,549)	175,173	125,210	39.9
e	Arising from financial assets at amortised cost	6,315			14,186	(48,374)	(27,873)	40,782	(168.3)
f	Arising from available-for-sale financial assets	1,292,313	253,218	(5,241)	428,928	(371,636)	1,597,583	1,418,038	12.7
g	Arising from financial assets at fair value through OCI	25,423	8,766	(76)	695	(279)	34,529	12,004	187.6
h	Arising from held-for-trading financial assets	2,905	49,744	(113,642)	162,034	(214,110)	(113,070)	(68,901)	(64.1)
i	Arising from financial assets at fair value through profit or loss	79,076	94,467	(75,151)	12,174	(169,127)	(58,561)	20,461	(386.2)
l	Arising from financial assets mandatorily at fair value	883	3,060	(117)	7,162	(11,552)	(564)	22,360	(102.5)
Balance on cash and cash equivalents		7,382		(4)			7,377	848	769.7
Total		**1,604,522**	**840,235**	**(219,725)**	**662,960**	**(856,010)**	**2,031,981**	**1,857,557**	**9.4**

Unrealised income and charges

		Unrealised gains		Unrealised losses		Total unrealised gains and losses (2)	Total unrealised gains and losses (2)	
	Amounts in €k	Unrealised capital gains	Write-backs	Unrealised capital losses	Impairment	2022	2021	Var.%
Balance on investments		**232,537**		**(1,250,773)**	**(42,999)**	**(1,061,234)**	**265,636**	**(499.5)**
a	Arising from investment property			(51,116)	(22,033)	(73,149)	(92,186)	20.7
b	Arising from investments in subsidiaries, associates and interests in joint ventures							
c	Arising from held-to-maturity investments							
d	Arising from loans and receivables						10	
e	Arising from financial assets at amortised cost				(7,477)	(7,477)	(25,763)	71.0
f	Arising from available-for-sale financial assets	131		(256,096)	(11,672)	(267,637)	(147,728)	(81.2)
g	Arising from financial assets at fair value through OCI	100			(1,817)	(1,717)	405	(523.8)
h	Arising from held-for-trading financial assets	205,447		(30,690)		174,758	185,744	(5.9)
i	Arising from financial assets at fair value through profit or loss	26,858		(893,685)		(866,827)	344,241	(351.8)
l	Arising from financial assets mandatorily at fair value			(19,186)		(19,186)	912	(2,203.0)
Balance on cash and cash equivalents								
Total		**232,537**		**(1,250,773)**	**(42,999)**	**(1,061,234)**	**265,636**	**(499.5)**

Total gains and losses

Amounts in €k		Total gains and losses (3)=(1)+(2) 2022	Total gains and losses (3)=(1)+(2) 2021	Var.%
Balance on investments		**963,369**	**2,122,345**	**(54.6)**
a	Arising from investment property	(19,593)	26,188	**(174.8)**
b	Arising from investments in subsidiaries, associates and interests in joint ventures	347,931	151,080	**130.3**
c	Arising from held-to-maturity investments	15,901	17,301	**(8.1)**
d	Arising from loans and receivables	175,173	125,220	**39.9**
e	Arising from financial assets at amortised cost	(35,351)	15,020	**(335.4)**
f	Arising from available-for-sale financial assets	1,329,946	1,270,310	**4.7**
g	Arising from financial assets at fair value through OCI	32,812	12,409	**164.4**
h	Arising from held-for-trading financial assets	61,688	116,843	**(47.2)**
i	Arising from financial assets at fair value through profit or loss	(925,388)	364,701	**(353.7)**
l	Arising from financial assets mandatorily at fair value	(19,750)	23,272	**(184.9)**
Balance on cash and cash equivalents		**7,377**	**848**	**769.7**
Total		**970,747**	**2,123,193**	**(54.3)**

Expenses and income recognized directly in shareholders' equity

Amounts in €k	2022 (4)	2021 (4)	Var.%
Gains/losses on available-for-sale financial assets	(2,476,943)	(42,936)	**(5,669.0)**
Gains or losses on financial assets (other than equity instruments) at fair value through OCI	(29,289)	(249)	**(11,652.4)**
Gains/losses on cash flows hedges	16,743	(42,140)	**139.7**
Change in the shareholders' equity of the investees	(53,624)	3,537	
Total	**(2,543,113)**	**(81,788)**	(3,009.4)
Total investment income and charges (3) + (4)	**(1,572,366)**	**2,041,404**	**(177.0)**

Investment in securitisations

As highlighted in the table, in the consolidated financial statements at 31 December 2022, there were no investments in securitisations.

Rating on investments in securitisations

Amounts in €k	2022	2021	Change on 2021
AA		360	(360)
A			
BBB			
< BBB			
-			
Total investments in securitisations		**360**	**(360)**

The following table provides details on the financial income and charges recognised during the year with regard to securitisation transactions:

Income and charges on investments in securitisations

Amounts in €k	2022	2021	Change on 2021
Financial income	5	5	
(Financial charges)		(97)	97
Financial income (charges)	**5**	**(92)**	**97**

A.4 Performance of other activities

We provide below a breakdown of other significant income and charges, which were not already included in Par. A.2 and A.3. above.

Other income

	FY	FY	Variation 2022/2021	
Amounts in €k	2022	2021	amount	% Var.
Commission income	48,978	45,343	*3,634*	*8.0*
Other technical income	64,533	78,605	*(14,072)*	*(17.9)*
Other income	1,140,819	865,339	*275,480*	*31.8*
Total other income	**1,254,329**	**989,287**	***265,042***	*26.8*

At 31 December 2022, the item "Total other income" was equal to €1,254,329k (€989,287k at 31/12/2021).

The item "Commission income" consisted in particular of commissions on investment contracts (deferred fees) of €38,249k (€32,601k at 31/12/2021).

Other technical income for €64,533k (€78,605k at 31/12/2021) consisted of €10,194k (€12,504k at 31/12/2021) for commissions on premiums of previous years cancelled, €40,777k (€54,455k at 31/12/2021) for other technical income from direct business and €13,561k from the reinsurance business (€11,646k at 31/12/2021).

The item "Other income" included in particular the typical revenue of the Group's non-insurance companies.

Other charges

	FY	FY	Variation 2022/2021	
Amounts in €k	2022	2021	amount	% Var.
Commission expenses	89,724	37,403	*52,322*	*139.9*
Impairment losses on receivables	14,481	16,967	*(2,486)*	*(14.7)*
Interest expense	156,531	160,750	*(4,219)*	*(2.6)*
Other technical charges	248,402	272,710	*(24,309)*	*(8.9)*
Sundry charges	1,091,227	828,433	*262,794*	*31.7*
Total other charges (different from taxes)	**1,600,366**	1,316,263	*284,102*	*21.6*
Taxes	242,556	154,552	*88,005*	*56.9*
Total other charges	**1,842,922**	**1,470,815**	***372,107***	*25.3*

Interest expense included in particular €154,767k regarding interest on subordinated and non-subordinated loans (€159,361k at 31/12/2021).

Other technical charges for €248,402k (€272,710k at 31/12/2021), consisted of €53,484k (€95,288k at 31/12/2021) for write-downs on premiums of previous years, €184,467k (€169,274k at 31/12/2021) for other technical charges from direct business and €10,451k (€8,148k at 31/12/2021) from expenses concerning the reinsurance business.
The increase in "Sundry charges" compared to 31 December 2021 is to be attributed primarily to the effects of the recognition of a solidarity fund for the early retirement of approximately 900 employees. The item Sundry charges also included costs for operating expenses in the holding and other businesses sector of €230,903k (€176,094k at 31/12/2021) and the real estate sector equal to €38,212k (€34,906k at 31/12/2021).

The balance of taxes included current tax charges of €25,683k (€220,995k at 31/12/2021), relating to IRES and IRAP for the year, in addition to the positive net balance of deferred taxation, equal to €216,874k (negative €66,443k at 31/12/2021).

A.5 Any other information

Note that there is no significant information to report in addition to that already illustrated in previous paragraphs.

B

SYSTEM
OF GOVERNANCE

B.1 General information on the system of of governance

B.1.1 Tasks and responsibilities of Board of Directors

In compliance with IVASS Regulation No. 38 of 3 July 2018 ("Regulation 38"), Unipol Gruppo, also as the ultimate Italian parent company of the Unipol Group, on the basis of the annual self-assessment process pursuant to the IVASS Letter to the Market of 5 July 2018 (the "Letter to the Market"), has adopted a "reinforced" type corporate governance system, deemed most suited for the sound and prudent management of the Company.

Note that the Company has adopted corporate governance mechanisms compliant with the principles contained in the Corporate Governance Code of listed companies promoted by Borsa Italiana S.p.A. ("Corporate Governance Code") and inspired more generally by international best practices, already compliant with the requirements of the above-mentioned regulation for companies with a "reinforced" type corporate governance system.

The governance structure of Unipol is based on a traditional model, with a Board of Directors (which operates with the support of Board Committees, with proposal, advisory, investigation and support functions) and a Board of Statutory Auditors, with functions of administration control, both appointed by the shareholders' meeting. The statutory audit is entrusted to an Auditing Company registered in the appropriate register, appointed by the Shareholders' Meeting taking into account the reasoned recommendation by the Board of Statutory Auditors.

<u>Shareholders' Meeting</u>

The Shareholders' Meeting is the body that expresses the will of the company. Its resolutions are adopted in compliance with law and the By-Laws, and are binding on all Shareholders, including those absent or dissenting.

Aside from the duties and responsibilities set forth in the By-Laws and regulatory provisions, the Ordinary Shareholders' Meeting of Unipol also establishes the compensation due to members of the bodies it has appointed and approves, inter alia, the remuneration policies, including of the Group.

In order to incentivise medium/long-term investment in the Company by Shareholders, in 2020 the Extraordinary Shareholders' Meeting of Unipol introduced the increased vote pursuant to Art. 127-quinquies of Italian Legislative Decree No. 58 of 24 February 1998 as amended. Specifically, two votes are attributed for each share held by the Shareholder who has requested registration in a dedicated special list - managed and updated by the Company - and has maintained it for a continuous period of at least 24 months starting from the date of registration on that list.

<u>Board of Directors</u>

The By-Laws allocate the management of the Company to a Board of Directors composed of no less than 15 and no more than 25 members, appointed by the Shareholders' Meeting, after having established the number, and meeting the requirements of suitability for office set by the applicable laws and regulations.

Directors are in office for three years, or for the shorter period set by the Shareholders' Meeting at the time of their appointment, and may be re-elected.

The Ordinary Shareholders' Meeting of 28 April 2022 has, most recently, appointed the Board of Directors of the Company, consisting of 15 members, giving them a mandate of three years and, therefore, up to the Shareholders' Meeting called to approve the 2024 financial statements.

The Board of Directors is vested with the broadest powers for the ordinary and extraordinary administration of the Company. It is therefore entitled to carry out all acts, including disposals, it deems appropriate for achieving the corporate purpose, excluding only those which are reserved by law to the Shareholders' Meeting.

In line with the principle of centrality of the Board, the By-Laws attribute responsibility to the Board of Directors to resolve on, inter alia:

i. mergers and demergers with subsidiaries, in cases permitted by legislation;
ii. the opening or closure of secondary offices;
iii. share capital reductions in the case of withdrawal of a Shareholder;
iv. amendments to the By-Laws to comply with legal provisions;
v. the issue of non-convertible bonds;
vi. the transfer of the registered office within the territory of Italy.

Pursuant to the law, the By-Laws and the internal policies in force, the Board of Directors, inter alia:

a) reviews and approves the strategic, financial and business plans of the Company and the Group, taking into account the analysis of the issues relevant to long-term value generation for Shareholders and the interests of other relevant stakeholders, as well as the long-term financial interests and solvency of the Group itself, regularly monitoring their implementation;

b) defines the system of corporate governance, the corporate structure and the governance models and guidelines of the Group itself, reviewing them at least once per year and guaranteeing their overall consistency. In that regard, it defines:
   i. the tasks, responsibilities and functioning methods of the corporate bodies, the board committees and the Key Functions (the Internal Audit, Risk Management, Compliance and Actuarial Functions)[3];
   ii. the information flows - including timing - and the nature and frequency of reporting between the Key Functions and the various Group functions, the board committees and between them and the corporate bodies of Unipol;
   iii. the method of coordination and collaboration, if the activity remits have areas of potential overlap or make it possible to create synergies;
   iv. the methods of liaising and collaborating with the corporate bodies and the Key Functions of the insurance companies belonging to the Group and cooperating with the corporate bodies and the functions of the other Group companies;
   v. the nature and level of risk consistent with the strategic objectives of the Group, including in its valuations all the aspects that may assume importance in light of the Company's and Group's sustainable success;

c) defines the business model, aware of the risks to which this model exposes the Company and understanding the ways in which the risks are observed and assessed, also ensuring that the structure of the Company is consistent with the activity carried out and with the business model adopted, avoiding the creation of complex structures not justified for operating purposes;

d) approves the organisational, administrative and accounting structure of the Parent Company and evaluates the adequacy of the Group structure, particularly with regard to the internal control and risk management system;

e) defines and reviews the Group's policies, ensuring the appropriate involvement of the administrative body of the subsidiaries and handling the relative transmission within the Group, all while guaranteeing that they are implemented by the insurance companies and consistently applied by the other companies;

f) also in exercising its management and coordination activities of the subsidiaries:
   i. approves - after review by the Group's Risk Committee and the Appointments, Governance and Sustainability Committee and based on the prior opinion of the Control and Risk Committee - the Sustainability Policy, together with the Group's strategy on climate change, outlined in an appropriate document attached to the Policy itself, taking into account the activities, risks and stakeholders of each subsidiary;
   ii. guarantees consistency between the Sustainability Policy and the Specific Risk Management Policies;
   iii. approves - with the support of the Control and Risk Committee and the Appointments, Governance and Sustainability Committee, for matters within its competence - the Integrated Report and the Non-Financial Statement contained therein;

g) with the support of the Control and Risk Committee,
   i. sets the guidelines of the internal control and risk management system in order to contribute to the Company's sustainable success, so that the main risks relating to the Company and the Group are correctly identified and adequately measured, managed and monitored, in line with the Company's strategies;
   ii. assesses, at least once a year, the current and future adequacy of the internal control and risk management system with respect to the characteristics of the Company and the Group and the risk profile taken on, as well as the effectiveness of said system;
   iii. describes, in its annual report on corporate governance and ownership structures, the main features of the internal control and risk management system and the methods used to coordinate the subjects involved in the same, indicating the national and international models and best practice of reference and expresses a judgement on the appropriateness of the same system, while also justifying the choices made regarding the composition of the Company's Supervisory Board pursuant to Italian Legislative Decree no. 231/2001 (defined below);
   iv. approves, at least once a year, after consulting the Board of Statutory Auditors the working plans prepared by the Heads of the Key Functions;
   v. approves, at least once a year, the plan of scheduled activities and the report of the Head of the Anti-Money Laundering Function on the activity carried out;
   vi. approves the risk management strategies even in the medium-long term and the emergency plans (contingency plans) in order to guarantee corporate regularity and continuity;
   vii. approves the Group's pre-emptive recovery plan;

[3] These functions were assigned respectively to the Audit Function, the Risk Area, the Compliance and Anti-Money Laundering Function for activities under their responsibility and to the Actuarial Function.

viii. assesses, after consulting the Board of Statutory Auditors, the findings produced by the Auditing Company in any letter of recommendations and in the Additional Report addressed to the control body;

h) verifies that the system of governance, including for the Group, is consistent with the strategic objectives, the risk appetite and the Group risk tolerance limits and is capable of taking into account the evolution, also at Group level, of the business risks of the insurance companies and the interaction between them, as well as the risks deriving from membership of the Group;

i) orders periodic audits on the effectiveness and adequacy of the Group's system of governance and requires the prompt reporting of the most significant weaknesses, giving timely directions for corrective measures, of which it later evaluates the effectiveness;

j) sets the Group risk targets system defining, also on the basis of the own risk and solvency assessment (i) the risk appetite of the Group in accordance with its overall solvency requirements, (ii) the types of risk it believes it can assume, and (iii) the risk tolerance levels, which it reviews at least once a year, in order to ensure their effectiveness over time;

k) appoints, replaces and removes, with the support of the Control and Risk Committee and having consulted the Board of Statutory Auditors, the Heads of the Key Functions, in observance of the requirements of suitability for office established in the Fit & Proper Policy, ensuring that they are provided with adequate resources to carry out their tasks and defining their remuneration pursuant to the policies adopted on the matter by the Company;

l) appoints, replaces and removes the Head of the Anti-Money Laundering Function;

m) establishes within itself committees with proposal, advisory, investigation and support functions, as set forth by the legislation and regulations in force over time, as well as those deemed appropriate or necessary for the proper operation and development of the Company and the Group and, when established in the Group companies defines their guidelines within the scope of the Directives on the Group's corporate governance system (also the "Directives"), ensuring that there is adequate and continuous interaction between them, the Top Management, the Key Functions and the Board of Statutory Auditors;

n) on an annual basis, defines and reviews the remuneration policies, including of the Group, submitting them to the Ordinary Shareholders' Meeting for approval, and is responsible for their proper application;

o) grants and revokes powers to the General Manager, defining his/her limits and operating modes; it also establishes the intervals, which must not, however, be more than a quarter, at which the delegated bodies must report to the Board of Directors about the activities carried out in the exercise of the powers conferred on them;

p) determines, after reviewing the proposals of the Remuneration Committee and consulting the Board of Statutory Auditors, the remuneration of the Directors holding particular offices - also within the Board Committees - and the allocation of any global compensation payable to the members of the Board of Directors approved by the Shareholders' Meeting;

q) appoints and removes the members of the Supervisory Board of the Company pursuant to Legislative Decree no. 231/2001, with the support of the Control and Risk Committee regarding the composition criteria and the functions of said Body; determines, with the opinion of the Remuneration Committee, the remuneration of the aforementioned members; approves, annually and on the proposal of the Supervisory Board, the expenditure budget, including on an extraordinary basis, necessary for the performance of the supervisory and control tasks laid down by the Organisation, Management and Control Model (defined below), as well as the statement of expenditure of the previous year;

r) assesses the general operating performance, taking into account, in particular, the information received from the delegated bodies, and periodically comparing the results achieved with those planned;

s) carries out, at least once a year, with the support of the Appointments, Governance and Sustainability Committee, an evaluation of the operation of the Board of Directors and its Committees, as well as of their size and composition, taking into account factors such as the characteristics of professional managerial experience and the gender of its members, and their seniority in office;

t) taking into account the results of the assessment referred to in the previous paragraph, gives the Shareholders, before the appointment of the new administrative body, advice on the quantitative and qualitative composition thereof, also with reference to the professional but also managerial figures whose presence in the Board is deemed appropriate;

u) approves, monitoring its suitability over time, the system of delegations and powers and responsibilities of the Group, taking care to avoid an excessive concentration of powers in a single person and implementing controls on the exercise of the delegated powers, with the possibility of defining appropriate emergency plans ("contingency arrangements") if the Board itself decides to take upon itself the delegated powers;

v) resolves on the transactions of the Parent Company and/or subsidiaries, when these transactions have a significant strategic, economic, capital or financial importance for the Company, paying particular attention to situations in which one or more Directors have an interest of their own or of third parties. To this end, it lays down general criteria to identify significant transactions and take appropriate measures to require the subsidiaries to submit for preliminary examination to the Board of Directors of the Parent Company significant transactions relevant to the latter;

w) approves transactions with intra-group counterparties as well as - with the support, when required, of the Related Party Transactions Committee - transactions with related parties, in compliance with the reference regulations adopted respectively by IVASS and by CONSOB and internal regulations in force over time;

x) adopts - on the proposal by the Chairman: (i) a policy for dialogue management with all investors as well as (ii) a procedure for the internal management and external communication of documents and information concerning the Company with particular reference to privileged information;

y) defines, with the support of the Appointments, Governance and Sustainability Committee, a possible plan for the succession of the Chief Executive Officer and the executive directors, where appointed;

z) verifies the existence of appropriate procedures for top management succession.

Additional powers are reserved to the Board of Directors pursuant to the policies adopted by the Company on, among other things, investments and divestments in financial, real estate and equity assets, management of sources of funding and of credit. These internal provisions aim at ensuring that the administrative body reviews and resolves on the transactions with a significant strategic relevance and significant amount.

Pursuant to Art. 12 of the By-Laws, the Board of Directors will meet at least quarterly and whenever the Chairman, or other person standing for the Chairman, deems it appropriate, or on the written request of at least one third of the Directors in office. The Board of Directors may also be called by the Board of Statutory Auditors, or by at least one member of it, on notice to the Chairman.

The validity of resolutions of the Board of Directors is governed by Art. 2388 of the Italian Civil Code. In an open vote, in the case of a draw, the Chairman has the casting vote.

On 12 May 2022, the Board of Directors performed its periodic verification of the legal requirements of the directors, as well as of the members of the Board of Statutory Auditors pursuant to the Fit&Proper Policy in force adopted by the Company's Board of Directors and most recently updated on 18 March 2021.

Board Committees[4]

To increase the efficiency and the effectiveness of its activity, the Board of Directors has established special internal Committees, with the power to make proposals, provide advice and support, and carry out investigations, specifying their tasks by also taking into account the provisions in this regard set forth in the Corporate Governance Code and in the Letter to the Market.

In particular, on 12 May 2022, the Board of Directors approved the establishment of the following board Committees, which play a role in the corporate governance system and perform their duties in compliance with the provisions of the corporate governance code and applicable supervisory provisions:

- Strategic Committee;
- Appointments, Governance and Sustainability Committee;
- Remuneration Committee;
- Control and Risk Committee;
- Related Party Transactions Committee.

These Committees, with the exception of the Strategic Committee, are composed at least by a majority of independent Directors, as specified in the following paragraphs. The Committees are dissolved when the entire Board of Directors reaches the end of its mandate; if one or more members become unavailable, for any reason, the Board shall find a replacement.

In this regard:

- The Strategic Committee[5] is composed of the Chairman of the Board of Directors, the Deputy Chairman and the other Directors appointed by the Board of Directors. During 2022 this Committee met 6 times[6]. The Strategic

[4] During the year 2022, the Board of Directors of Unipol Gruppo updated, in an organic and structured manner, the regulations of the Strategic Committee, the Appointments, Governance and Sustainability Committee, the Remuneration Committee and the Control and Risk Committee. With the primary aim of ensuring uniformity and consistency in the Committee governance rules and guaranteeing the effective performance of their assigned duties, the provisions concerning the functioning rules in general are, *mutatis mutandis*, standardised and apply to all of the Company Board Committees.

[5] Formerly Chairman's Committee.

[6] In particular, during the 2022 financial year, 1 meeting of the Chairman's Committee established by the previous Board of Directors was held and 5 meetings of the Strategic Committee set up by the Board of Directors currently in office.

Committee has proposal, advisory, investigation and support functions vis-à-vis the administrative body regarding the identification of development policies and guidelines for the strategic and operating plans to be submitted to the Board of Directors, in particular on the following topics:

- dividend policies and/or capital remuneration policies;
- extraordinary transactions pertaining to the Shareholders' Meeting, in particular capital increases and convertible bond issues, mergers, spin-offs, distribution of reserves, purchase of own shares and amendments to the by-laws;
- extraordinary transactions of significant strategic interest, or in any case bound to have a significant effect on the value and/or composition of the equity capital or on the share price of the company, such as purchase or sale of significant equity investments, combinations or alliances with other groups, significant changes in the structure or composition of the Group;
- multi-year strategic plans and annual budgets of the Company and the Group;
- periodic financial reports.

- The Appointments, Governance and Sustainability Committee is composed of three Directors, all non-executive and the majority independent pursuant to Art. 147-ter of the Consolidated Law on Finance and the Corporate Governance Code. During 2022 this Committee met 4 times[7]. Said Appointments, Governance and Sustainability Committee has proposal, advisory, investigation and support functions with respect to the administrative body:
  a) the self-assessment and optimal composition of the Board of Directors as well as the definition of the corporate governance system of the Company and of the Group;
  b) ESG issues, by coordinating, for aspects within its competence, the guidelines, processes, initiatives and activities targeted at monitoring and promoting the commitment of the Company and, in general, of the Group geared towards the pursuit of sustainable success;
  c) the contents and purposes of the Code of Ethics.

  Particularly with reference to letter *a)* above, the Appointments, Governance and Sustainability Committee is entrusted with the task of assisting the Board of Directors in the following main activities:
  - definition of the optimal composition of the administrative body and its Board Committees;
  - identification of candidates for the office of Director in the event of co-optation;
  - self-assessment of the administrative body and its Board Committees. In particular, the Appointments, Governance and Sustainability Committee defines the timing, criteria and tools for carrying out the related process, also involving the Board of Statutory Auditors and making use, where deemed appropriate, at least every three years, of a leading independent consultant in the sector, with the task of supporting the Directors and Statutory Auditors in conducting the analyses;
  - possible presentation, by the outgoing administrative body, of a list for the appointment of the new Board of Directors, to be implemented according to methods that ensure its formation and transparent presentation;
  - preparation, updating and implementation of any plan for the succession of the Chief Executive Officer and the other Executive Directors, where appointed.

  The Appointments, Governance and Sustainability Committee is also responsible for:
  - informing and updating the Board of Directors on regulatory developments and on the corporate governance best practices;
  - preventively reviewing the annual Report on corporate governance and ownership structures;
  - issuing opinions to the Board of Directors regarding:
    a) the names to be indicated for the appointment or replacement of Directors and Statutory Auditors of UnipolSai, as well as for the election of corporate offices of Chairman of the Board of Directors, Deputy Chairman, Chief Executive Officer and/or General Manager, as well as Chairman of the Board of Statutory Auditors of the Company, without prejudice to the methods set forth by law for the appointment of the latter position, taking into account the relevant policies currently in force;
    b) the Company's system of governance and the model and the guidelines for Group governance.

  With regard to the ESG issues referred to in letter b) above, the Appointments, Governance and Sustainability Committee is entrusted with the task of assisting the Board of Directors in the following main activities, by coordinating with the Control and Risk Committee, where competent:
  - identifying the guidelines for the integration of ESG factors in the Business Plan, through an analysis of sustainability issues, also relevant for the generation of value in the long term for the benefit of Shareholders, taking into account the interests of other relevant stakeholders;

[7] In particular, during the 2022 financial year, 2 meetings of the Appointments and Corporate Governance Committee established by the previous Board of Directors were held and 2 meetings of the Appointments, Governance and Sustainability Committee set up by the Board of Directors currently in office.

- drafting of the integrated consolidated financial statements and the consolidated non-financial report contained therein and, in general, preparation of the reports, accounts, final statements and documentation, also relating to the Group, on the topic of sustainability, including for example the Green Bond Report;
- assessing the suitability of periodic financial and non-financial reporting, to correctly represent the business model, the strategies of the Company and of the Group, the impact of its activities and the performance achieved;
- defining guidelines, processes, initiatives and activities targeted at monitoring and promoting the commitment of the Company and, in general, of the Group geared towards the pursuit of sustainable success;
- drafting and reviewing of the policy, including the Group's policy on sustainability and the related company documentation, as well as reviewing compliance with the provisions contained therein by monitoring the indicators identified for this purpose;
- drafting and reviewing, insofar as it is responsible, the policies for achieving the climate change objectives, as well as defining the related commitments and monitoring the indicators for compliance with them, as identified in the Sustainability Policy;
- monitoring regular updates on the main activities of preparation for the full achievement of the Group's sustainability objectives;
- analysing the methodology adopted for the development of the materiality analysis and identifying the relevant topics relevant to the Company and the Group, through the analysis of sustainability issues identified as part of the interaction of the Company and the Group itself with its stakeholders;
- monitoring the positioning of the Company and the Group in the financial markets in terms of sustainability, with particular reference to their placement in the main sustainability indexes;
- examining national and international initiatives on sustainability and participation of the Company, as well as monitoring regulatory developments and best practices in this regard, in order to consolidate the Group's sustainable success and reputation in terms of sustainability.

Lastly, with specific regard to letter *c)* above, the Appointments, Governance and Sustainability Committee is entrusted with the following main tasks:

- promoting consistency between the principles of the Code of Ethics and the corporate policies, also by interacting with the Supervisory Board, the Control and Risk Committee and the company Departments concerned;
- contributing to the definition of initiatives to promote the knowledge and understanding of the Code of Ethics;
- defining the set-up of the plan of ethics communication, knowledge and awareness-raising in collaboration with the Ethics Officer and with the competent company Departments;
- supervising compliance with the Code of Ethics, performing assessments through the Ethics Officer and collecting all necessary information and documentation;
- issuing opinions on the more complex reports received by the Ethics Officer of alleged breaches of the Code of Ethics;
- receiving and evaluating the Ethics Report - drawn up by the Ethics Officer and which, among other things, reports on the consistency between ethical principles and company management, identifying the areas at risk and verifying the effective implementation of the Code of Ethics - then submitting it to the Board of Directors;
- expressing its opinion on the revocation of the Ethics Officer;
- suggesting any updates to the Code of Ethics to the Board of Directors.

- The Remuneration Committee is composed of three Directors, all non-executive and the majority independent pursuant to Art. 147-ter of the Consolidated Law on Finance and the Corporate Governance Code. During 2022 this Committee met 6 times. At the meeting on 12 May 2022, the Board of Directors also appointed the Committee Chairwoman, Ms Patrizia De Luise, confirming that she had adequate knowledge and experience on financial matters and remuneration policies. The Remuneration Committee has proposal, advisory, investigation and support functions with respect to the administrative body on remuneration matters. In particular, also consistent with the applicable internal regulatory provisions, the Remuneration Committee:
  - performs advisory and proposal functions for the definition of Remuneration Policies, also of the Group, in favour of the corporate bodies and Key Personnel, as identified in compliance with sector regulations applicable ("Key Personnel"), including compensation plans based on financial instruments;
  - formulates proposals and/or voices opinions to the Board of Directors for the remuneration of the Directors who perform specific duties, where attributed, as well as for setting performance objectives related to the

variable component of the remuneration, consistent with the Remuneration Policies adopted by the Board of Directors;
- checks the consistency of the overall remuneration system;
- monitors the correct application of the Remuneration Policies and, in particular, verifies the actual achievement of the performance objectives;
- periodically submits Remuneration Policies for review so as to guarantee their adequacy, overall consistency and concrete application by Unipol and the Companies in the Group, relying, in this last regard, on the information provided by the Corporate Bodies of the Group companies;
- identifies potential conflicts of interest and the measures adopted to manage them;
- ascertains the fulfilment of conditions for the payment of incentives to Key Personnel;
- provides adequate disclosure to the Board of Directors on the effective functioning of the Remuneration Policies;
- expresses opinions to the Board of Directors on the remuneration of the members of the Supervisory Board of the Company pursuant to Legislative Decree 231/2001.

- The Control and Risk Committee is composed of four Directors, all non-executive and independent pursuant to Art. 147-ter of the Consolidated Law on Finance and the Corporate Governance Code. The Control and Risk Committee overall must possess an adequate knowledge of the activity sector of the Company, functional to assessing the related risks. In particular, in the course of the meeting on 12 May 2022, the Board of Directors appointed Mr Massimo Desiderio as Chairman of the Control and Risk Committee, as he possesses adequate experience on accounting, financial and risk management matters.
  During 2022 this Committee met 10 times. The Control and Risk Committee has proposal, advisory, investigation and support functions with respect to the administrative body in relation to assessments concerning the internal control and risk management system as well as the approval of periodic financial and non-financial reports.
  In particular, pursuant to the Corporate Governance Code as well as Unipol Gruppo's internal policies in force, the Control and Risk Committee is responsible for supporting the Board of Directors with:
  - defining the guidelines for the internal control and risk management system in order to contribute to the Company's sustainable success, so that the main risks relating to the Company and the Group are correctly identified, adequately measured, managed and monitored, in line with the Company's strategies;
  - assessing - at least once a year - the current and future adequacy of the internal control and risk management system with respect to the characteristics of the Company and the Group and to the risk profile assumed as well as the effectiveness of said system.

  Particularly with regard to the internal control system, the Control and Risk Committee, for example but not limited to, performs the following tasks:
  - supporting the Board of Directors in carrying out the duties attributed to it by legislative and regulatory provisions and by the Corporate Governance Code with regard to the internal control system;
  - assessing, having consulted with the Financial Reporting Officer, representatives of the Auditing Company and the Board of Statutory Auditors, the correct application of accounting standards and, with reference to the consolidated financial statements and the consolidated interim report, their consistent use at a Group level;
  - evaluating, having consulted with the Financial Reporting Officer, representatives of the Auditing Company and the competent functions, the suitability of periodic financial and non-financial reporting to properly represent the business model, the strategies of the Company, the impact of its activities and the performance achieved, coordinating with the Appointments, Governance and Sustainability Committee for aspects within the latter's competence on sustainability;
  - reviewing the content of periodic non-financial reporting relevant for the purposes of the internal control and risk management system;
  - reviewing the processes of drawing up the periodic accounting documents prepared by Unipol and the Group companies in order to prepare the separate and consolidated financial statements;
  - assessing, after consulting the Board of Statutory Auditors, the findings produced by the Auditing Company in any letter of recommendations and in the additional report addressed to the control body;
  - defining, evaluating and ensuring the adequacy of the self-assessment process for the definition of the corporate governance system pursuant to the Letter to the Market, as well as with reference to the outsourcing of Key Functions;
  - decisions regarding the composition criteria and functions of the Supervisory Board.

  Specifically as concerns risk management, the Control and Risk Committee, performs, inter alia, by way of a non-exhaustive example, the following tasks:

- supports the Board of Directors in carrying out the duties attributed to it by legislative and regulatory provisions, and by the Corporate Governance Code with regard to the internal control system;
- supports the administrative body with reference to proposals regarding the appointment and/or removal of Heads of the Key Functions, on the adequacy of the resources assigned to such functions for the performance of the respective duties, as well as on the consistency of the remuneration assigned to the above-mentioned Heads with applicable company policies;
- provides the Board of Directors with a specific opinion on the identification of the main company risks, taking into account the risk appetite of the Company and the Group, as well as with reference to the risk tolerance limits as defined in the Risk Appetite Framework;
- assists the Board of Directors on the current and future assessment of risks, taking into account the criteria employed for the assessment of the main business risks, as well as specific aspects concerning their identification with reference to the Company and the Group;
- supports the Board of Directors in defining the model for identifying, assessing and managing the main ESG risks, including, in particular, those related to the climate, and their impacts on the business strategy, keeping the Appointments, Governance and Sustainability Committee informed of them, within the scope of the responsibilities of the latter;
- supports the assessments and decisions of the Board of Directors relating to the management of the risks deriving from events of default that it has become aware of.

In this regard, the Control and Risk Committee may ask the Audit Function to carry out audits on specific operational areas, providing a simultaneous notification to the Chairman of the Board of Directors, the General Manager and the Chairman of the Board of Statutory Auditors.

In addition, in order to take the appropriate initiatives in this regard, the Control and Risk Committee is the recipient of information from the General Manager with regard to problems and/or critical issues arising from the performance by the latter of the activities for which he/she is responsible or of which he/she has been informed.

Lastly, by way of a non-exhaustive example, with regard to matters common to the internal control and risk management system, the Control and Risk Committee:

- supports the Board of Directors in approving, at least annually, the work plan prepared by each Head of the Key Functions and the Anti-Money Laundering Function relating to the Company and the Group;
- reviews the particularly important periodic reports prepared by the Key Functions and the Anti-Money Laundering Function for the Committee and for the Board of Directors;
- monitors the independence, adequacy, effectiveness and efficiency of the Key Functions;
- supports the Board of Directors with respect to the adoption and revision of company and Group policies as required by the Solvency II regulation and/or in any event relating to the internal control and risk management system;
- supports the Board of Directors with respect to the description, in the annual report on corporate governance, of the main characteristics of the internal control and risk management system and the procedures of co-ordination between the parties involved, indicating the reference national and international models and best practices, as well as the assessment of its suitability, also detailing the choices taken regarding the composition criteria of the Supervisory Board;
- supports the Board of Directors in identifying the guidelines of the internal control and risk management system of the Company within the scope of Group Guidelines on the corporate governance system.

The Control and Risk Committee is also identified as the body competent to examine the information – prepared by the Chief Risk Officer and subject to the approval of the Board of Directors – concerning intra-group transactions performed by Unipol and the insurance companies controlled by them, which cause the operating limits set in the Policy on intra-group transactions adopted pursuant to IVASS Regulation No. 30 of 26 October 2016 to be exceeded.

The Control and Risk Committee ensures, through the Chairman of the Board of Statutory Auditors, a permanent invitee of the meetings, that an information flow to the control body is established for the prompt exchange of the relevant information for the performance of the respective duties and the coordination of activities in areas of shared responsibility. To this end, and to contain the cost of the controls, in 2022, the Board of Statutory Auditors attended all the meetings of the Committee.

- The Related Party Transactions Committee is composed of four Directors, all non-executive and independent pursuant to Art. 147-ter of the Consolidated Law on Finance and the Corporate Governance Code. During 2022 this Committee met 6 times. The Related Party Transactions Committee has functions of advice, dialogue, and proposal towards the Board of Directors and the units of Unipol and the subsidiaries with reference to this type of transaction (the "Transactions") in compliance with the provisions of the Regulation issued by CONSOB with

Resolution No. 17221 of 12 March 2010 and subsequent amendments and the internal procedure for the execution of the Transactions in question ("Related Party Procedure"). In particular, the Committee:

- expresses to the Board of Directors of the Company an opinion on the procedures to establish and create the register in which Related Parties are recorded ("Register of Related Parties");
- participates in the phases of screening and negotiations of the Transactions of Greater Relevance (as defined in the Related Party Procedure) and issues a reasoned opinion to the competent decision-making body, based on a complete and updated information flow, on the Company's interest in the execution of the aforementioned Transactions of Greater Relevance, as well as on the cost-effectiveness and substantive fairness of their conditions;
- verifies the correct application of the exemption conditions to the Transactions of Greater Relevance defined as ordinary and concluded under market or standard conditions, issuing a preventive opinion in this regard and examines the half-yearly disclosure on Exempt Transactions, supported by the assessments of the competent Corporate Functions regarding the assumptions for application of said exemption conditions;
- expresses to the competent corporate decision-making body a reasoned opinion on the interest of the Company to the execution of the "Transactions of Lesser Relevance" (as specified in the Related Party Procedure), as well as on the convenience and fairness of the corresponding terms;
- expresses to the General Manager of Unipol a reasoned opinion on the interest of the subsidiaries and of the Unipol Group in performing Transactions with Related Parties through the subsidiaries, of Greater or Lesser Relevance, as well as on the cost-effectiveness and substantive fairness of their conditions;
- expresses to the Board of Directors a reasoned opinion on the possibility of temporarily departing, pursuant to Art. 123-ter, Par. 3-bis, of the Consolidated Law on Finance, from the Remuneration Policies in the presence of exceptional circumstances, in compliance with said Remuneration Policies;
- expresses to the Board of Directors an opinion on the updates made to the Related Party Procedure.

<u>Delegated Bodies</u>
The Board of Directors may appoint a Chief Executive Officer from among its members, for three financial years or for the shorter period of office of the administrative body[8].
Following the appointment of the new administrative body by the Ordinary Shareholders' Meeting held on 28 April 2022, the Board of Directors carried out an overall review of the Company's top management and organisational structure and, taking into account the appointment of Mr Carlo Cimbri to the office of Chairman of the Board of Directors, with a non-executive role and without management powers, decided to postpone the appointment of a Chief Executive Officer, entrusting the management of company operating activities to a General Manager, in the person of Mr Matteo Laterza, having regard, on the one hand, to the characteristics and operations of the Company (*i.e.* holding company) and, on the other, to the attribution to said person of the office of Chief Executive Officer of the main operating company, also listed (i.e. UnipolSai Assicurazioni SpA).
In particular, the General Manager has been assigned the following functions by the Board of Directors:

- ensuring the execution of the resolutions of the Board of Directors and the Shareholders' Meeting of the Company;
- ensuring the ordinary management of the business of the Company as well as the governance, supervision and co-ordination of the entire company activity;
- promoting the policies and guidelines of the Company and the Unipol Group;
- proposing to the Chairman of the Board of Directors the planning of the works of the Board of Directors;
- formulating the proposals relating to the long-term plans and the annual budgets of the Company, to be submitted to the study and approval of the Board of Directors;
- ensuring that the administrative and accounting structure is adequate for the Company;
- giving directions for the preparation of the financial statements of the Company; preparing the proposals on the draft financial statements and consolidated financial statements, as well as on the interim financial reports and on the additional periodic financial information, to be submitted to the Board of Directors;
- defining in detail the organisational structure of the Company, the tasks and the responsibilities of the operational units and their personnel, as well as the corresponding decision-making processes, in line with the guidelines given by the administrative body; in this context, ensuring a suitable separation of tasks both between individual parties and between functions, to avoid conflicts of interest as much as possible;
- handling the identification of the main corporate risks, taking account of the characteristics of the activities carried out by the Company and its subsidiaries, regularly subjecting them to review by the Board of Directors;
- implementing the guidelines defined by the administrative body, overseeing the design, implementation and management of the internal control and risk management system, and constantly verifying its adequacy and

[8] Until 28 April 2022, the operating guidance of the Company was entrusted to a Chief Executive Officer.

effectiveness, as well as overseeing its adaptation in line the trend in the operating conditions and the legislative and regulatory panorama;
- assigning, if applicable, the Audit Function with the task of performing audits on specific operating units and compliance with internal rules and procedures in the execution of corporate transactions, reporting on these to the Chairman of the Board of Directors, Chairman of the Control and Risk Committee and Chairman of the Board of Statutory Auditors;
- promptly informing the Control and Risk Committee of any problems and critical issue identified during his/her activities or anyway notified, so that the appropriate initiatives may be carried out by said Committee.

The Board of Directors has also conferred specific executive powers on the General Manager, defining the relevant methods and quantitative limits.

Board of Statutory Auditors

The Shareholders' Meeting of 28 April 2022 appointed the Board of Statutory Auditors currently in office, consisting of three Statutory Auditors and two Alternate Auditors, giving them a mandate of three years and, therefore, up to the Meeting called to approve the 2024 financial statements.

Pursuant to Legislative Decree No. 39/2010, as amended and Regulation (EU) 537/2014 regarding auditing, the Board of Statutory Auditors of the Company, as well as monitoring the compliance with the law and the By-Laws and with the principles of proper management, is in charge, in the execution of its functions as internal control and audit committee, of:
- informing the Company's administrative body of the outcome of the audit, sending the latter the additional report pursuant to Art. 11 of (EU) Regulation no. 537/2014;
- monitoring the process of financial and non-financial reporting and submitting recommendations or proposals aimed at ensuring its integrity;
- controlling the effectiveness of the systems for the internal control of the quality and management of the risk profile and of internal audit as regards the financial and non-financial reporting of the Company;
- monitoring the audit of the separate financial statements and the consolidated financial statements;
- verifying and monitoring the independence of the Auditing Company, in particular as regards the adequacy of the provision of non-audit services to the Company;
- formulating, following the selection procedure for which he is responsible, the recommendation regarding the auditor to whom to assign the engagement, to be sent to the administrative body so that it can submit a proposal to the Shareholders' Meeting.

Supervisory Board

Legislative Decree No. 231 of 8 June 2001, "Discipline of the administrative responsibility of legal persons, companies and associations even without legal personality" ("Decree 231/2001") - which introduced the administrative liability of entities as a result of certain offences committed in the interest or for the advantage of the entity by directors, managers, employees and company representatives - establishes in Art. 6 an exemption from above-mentioned liability for entities that demonstrate: (i) that before the offence was committed, they adopted and effectively implemented organisation, management and control models suitable to prevent the occurrence of the offences considered therein; (ii) that they have established an internal control body with the task of supervising the functioning and observance of the model (the "Body" or the "SB") as well as its actual effectiveness and adequacy and, when necessary, managing any updates of the model; (iii) that the offence was committed by fraudulently circumventing the model, and (iv) that the above-mentioned Body did not fail to supervise or enact insufficient supervision.

In compliance with the above regulations, the Company adopted the Organisation, Management and Control Model (the "MOG" or the "Model") and established and appointed the SB pursuant to Art. 6, letter b) of Decree 231/2001.

The Body is assigned the task of supervising:
i) the effective observance of the Model by its addressees: employees, corporate bodies and, within the limits laid out therein, agents, associates and suppliers;
ii) the actual effectiveness and adequacy of the Model with respect to the structure of the company and its real capacity for preventing the commission of the offences pursuant to Decree 231/2001;
iii) the possibility of updating the Model, when it is found that it needs to be adjusted in light of changed company and/or regulatory conditions, contacting the competent bodies for this purpose.

The SB is also given the right to conduct targeted verifications, even without providing prior notice, on specific transactions or deeds entered into by the Company, especially as regards sensitive activities, the results of which need to be summarised in reporting to the competent corporate bodies.

These powers are to be exercised within the limits of what is strictly functional to the mission of the SB, which has no management powers whatsoever.

B.1.2 Transactions with related parties

The substantial transactions performed during the reference period with shareholders, people with significant influence over the company and with the members of the administrative or supervision body are described below.

In the allocation of the profit for the year 2021, Unipol Gruppo SpA disbursed dividends of €47.88m to the shareholder Coop Alleanza 3.0 Società Cooperativa.

The relations with the members of the administrative or supervision body refer to the remuneration paid in compliance with the resolutions of the Shareholders and/or the Board, in compliance with current Group policies.

B.1.3 Tasks and responsibilities of Key Functions

The following Key Functions have been established at the Parent Company:

- internal audit function, assigned to the Audit Function, which is responsible for assessing and monitoring the effectiveness, efficiency and adequacy of the internal control system and the additional components of the system of corporate governance, according to the nature of the business activities performed and the level of risks undertaken, its consistency with the guidelines defined by the Board, as well as its updating, if applicable, also through support and advisory activities provided to other company functions;
- risk management function, assigned to the Risk Area, which is in charge of identifying, measuring, assessing and monitoring the current and prospective risks at the individual and aggregated level to which the Company is or may be exposed and their correlation;
- the compliance verification function, assigned to the Compliance and Anti-Money Laundering Function which - as regards compliance activities - is responsible for evaluating, with a risk-based approach, the adequacy of procedures, processes, policies, and internal organisation to prevent compliance risk[9];
- actuarial function, assigned to the Actuarial Function[10], whose main task is to coordinate the calculation of the technical provisions, assess the adequacy of the methodologies, models and assumptions forming the basis of said calculation and evaluating the quality of the data used. It provides advice and expresses opinions on, inter alia, the Reinsurance and other risk mitigation techniques policy and the Group reinsurance programme considered as a whole, Group underwriting risks, aspects connected to the management of assets and liabilities, Group solvency, also on a forward-looking basis, through stress testing and scenario analyses in areas relating to the technical provisions and asset-liability management and Underwriting and provisioning policies (Life and Non-Life); it also provides a contribution to the risk management system, also with reference to the modelling underlying the capital requirement calculation and the own risk and solvency assessment, and verifies the consistency between the amounts of the technical provisions calculated on the basis of the valuation criteria applicable to the statutory financial statements and the calculations resulting from the application of Solvency II criteria[11].

Within the Internal Control and Risk Management System, it is essential to ensure dialogue between the Key Functions, and regular reporting between these functions and the Corporate Bodies.

The Control and Risk Committee, the Board of Statutory Auditors, the auditing company, the Key Functions, the Anti-Money Laundering Function and the Supervisory Board pursuant to Legislative Decree 231/2001 and any other body and function that has been given specific control responsibilities exchange all information needed to carry out the tasks assigned to them.

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9 "Compliance risk" means the risk of incurring judicial or administrative sanctions, incurring losses or reputational damages as a result of failure to observe laws, regulations and directly applicable European regulations or measures of the Supervisory Authorities or internal regulations (e.g. by-laws, codes of conduct or corporate governance codes, internal policies and corporate communication documents); compliance risk is also understood as the risk deriving from unfavourable amendments in the regulatory framework or case law decisions.

10 The actuarial function is exercised by an actuary listed in the professional register set up by Law No. 194, 9 February 1942, or by parties with knowledge of actuarial and financial mathematics appropriate to the nature, magnitude and complexity of the risks intrinsic to the business activities of the company and with proven professional experience in the issues relevant to the execution of the task.

11 The actuarial function directly reports to the Board of Directors and has been given the necessary independence and separation in the performance of its tasks to avoid conflicts of interest with the Group divisions in charge of the technical and operational management. Any potential conflict of interest is addressed by an appropriate diversification and separation of the tasks within the Actuarial Function itself.

As part of said system, the Compliance and Anti-Money Laundering Function, the Risk Area and the Audit Function, as well as the specialist control units and the Organisation Function access, collaborate with one another in observance of their autonomy, using a joint approach to the mapping and analysis of the processes, the assessment of operational risks and controls and an information system providing mutual support, sharing the wealth of information produced, as well as the ongoing monitoring of any corrective action notified to the operating units following the analysis carried out by the above-mentioned Functions. Reciprocal information flows between the different Key Functions are already in place through:

- participation of the respective Heads in the meetings of the Control and Risk Committee
- participation of the Heads of the Audit and Compliance Functions in the meetings of the SB;
- disclosure and discussion on the annual planning of the activities of the Functions themselves;
- periodic meetings aimed at sharing the results emerged from the control activity performed and the assessment of the residual risks and the internal control and risk management system, also through a supporting IT platform, as described below;
- reporting activities with exchange of the documentation produced by the individual Key Functions (such as for example the results of the audits performed, the cases of non-compliance and the regular claim reports, etc.).

Once a year, the Heads of the Key Functions submit their plans of scheduled activities for the reference year to the Board of Directors for approval and every six months they report to the Board of Directors on the activities carried out and the main critical issues observed, as well as on any initiatives proposed, as well as promptly in the presence of significant violations which may involve a high risk of sanctions, losses or damages to image. In addition, in the execution of their power to provide advice and make proposals on the internal control and risk management system, the Control and Risk Committee, the General Manager and the Board of Statutory Auditors receive from the Heads of the Key Functions the action plan and regular reports on their activities, as well as a prompt disclosure on the most significant critical issues.

To execute the activities within its area of competence, the personnel of the Key Functions has unlimited access to company data and relevant information.
On the basis of the Group's organisational model, the Key Functions perform the activities under their responsibility for Unipol, as well as at Group level.

B.1.4 Remuneration policies

The primary objective of the remuneration policies is to guarantee fair remuneration, adequate to the scope and level of responsibility, professional competence and experience required by the job and the individual skills, in order to attract, motivate, develop and retain key personnel. In addition, the remuneration policy is defined in accordance with the legal, regulatory and statutory provisions as well as the Group Code of Ethics, promoting the adoption of behaviour that complies with them and guaranteeing, inter alia, consistency between the remuneration paid and the need to ensure a sustainable performance, in observance of a sound and prudent risk management policy. In line with the Company's and the Group's long-term strategic objectives, profitability and balance, the Company does not adopt remuneration policies based exclusively or mainly on short-term results, such so as to incentivise an excessive exposure to risk or an assumption of risk exceeding the risk tolerance limits established by the Board of Directors.

On the basis of these principles, the fixed remuneration component compensates the extent and level of responsibility, the complexity managed and experience required by the role; it also remunerates expertise and skills, making provision for a rigid financial basis, in compliance with the provisions of collective bargaining agreements, as well as, when present, Supplementary Company Agreements, any bilateral agreements and/or specific internal Regulations. Internal fairness reasons, competitiveness, attractiveness, meritocracy or the attribution of greater responsibilities may lead to the payment of additional fixed amounts, consolidating them over time.

The variable remuneration component aims to reward results achieved in the short and long-term, expressed not only in the economic-financial terms, but also in the form of attention to risks and the qualitative performances, and related to ESG criteria, as well as to develop professional skills while implementing an effective retention policy.

Considering the foregoing, in 2022, essentially in continuity with previous years, the remuneration of the recipients of the remuneration policy was aligned with the following principles:

- an appropriate balance between the fixed component and the variable component of the remuneration, with the latter linked to pre-set, objective and measurable efficiency criteria, to strengthen the link between performance and remuneration and setting limits on it beforehand;
- the establishment, as regards the variable component of remuneration, of an adequate balance between monetary disbursements and/or disbursements in financial instruments;
- sustainability thanks to the proper balance between short and long-term efficiency criteria that the remuneration is based on;
- the deferred payment of a significant part of the variable component, whose duration is differentiated in accordance with the percentage of the fixed component and in any case, not less than that required under applicable laws;
- the presence of Malus clauses, which provide for the reduction until elimination of the variable component in the presence of given conditions, and Claw-back clauses which envisage the possibility of requesting the repayment of the amount already paid out under certain conditions;
- the provision of a holding period of one year with reference to the amounts paid in financial instruments, without prejudice to the possibility of "selling to cover "(sale of the securities necessary to obtain the liquidity for fulfilling the resulting tax obligations stemming from the attribution of securities);
- with reference to senior managers and top management, the provision of share ownership requirements, consisting of the obligation to maintain (lock-up), for a predetermined period, the shares assigned by virtue of participation in the incentive plans;
- the prohibition of relying on hedging strategies or specific insurance against the risk of a downward correction of remuneration, which could alter or invalidate the random effects connected to the provision of deferred bonuses and paid in the form of financial instruments;
- a process of cascading objectives aimed at making the targets assigned to the managerial levers engaged more consistent.

The reference model on which the architecture of the remuneration systems are designed is based on the correlation among the following elements:

- the results of the Unipol Group (including the results in terms of adequacy of the risks taken on with respect to the pre-established goals and considering the ESG criteria);
- the results of the Company;
- the results of the Department of reference, the Function or the organisational area of responsibility of the Recipient;
- the individual performances.

The variable component of the remuneration may be awarded to the Chief Executive Officer and the General Manager (when appointed) and management personnel, including therein key personnel, through the activation of an incentive system. This includes:

- a short-term component (STI Bonus), paid entirely in monetary form;
- a long-term component (LTI Bonus), disbursed entirely in Shares, of which 50% Unipol Shares and 50% UnipolSai Shares.

The assignment of the Shares relating to the LTI Bonus due is postponed over a multi-year time period.
The incentive system links:

- the annual results of the Group and of the Company, expressed in terms of achievement of gross profit and solvency capital targets and taking into consideration also ESG objectives;
- individual performance, measured in terms of economic-financial objectives and non-financial objectives, both quantitative and qualitative, assigned through the cascading process described above;
- the results measured over a three-year period of the Group, expressed in terms of achievement of objectives linked to economic and financial results, solvency capital, growth in value for shareholders by measuring the Unipol Gruppo's Absolute Total Shareholder Return and the Group's ESG sustainability strategy through indicators relating to climate strategy, finance for SDGs and the Gender Pay Gap.

The objectives assigned to personnel operating in the Key Functions are identified consistent with the effectiveness and quality of the control action, without comprising economic-financial objectives pertaining to the areas subject to their control. Access to the Incentive system for Managers operating at the Key Functions, both for the STI Bonus and the LTI Bonus is not connected with achievement of the Consolidated Gross Profit condition.

The remuneration of non-managerial personnel (including therein any Key Personnel) may include not only a fixed component but a variable one.

At the same time as the renewal of the corporate bodies, the Shareholders' Meeting called on 28 April 2022 also approved the remuneration to be paid to the Board of Directors for the 2022-2024 mandate. The annual remuneration of the Directors is fixed and may be augmented not only by the reimbursement for expenses incurred in carrying out their official duties but attendance fees for participation in meetings of the Board of Directors and the Shareholders' Meetings. For the Directors who are members of the Board Committees in office for the 2019-2021 mandate, an attendance fee was also provided for their attendance at the meetings of said committees. For the Directors who are members of Board Committees in office for the 2022-2024 mandate, only a fixed remuneration is provided for the office in the aforementioned committees, without the recognition of any attendance fee.

The Company of which they are Directors also covers the cost of insurance covering the risks connected to third-party liability deriving from legal and contractual obligations inherent in the office of Director and the related legal protection.

After consulting with the Remuneration Committee and the Board of Statutory Auditors, the Board of Directors may provide additional fixed remuneration to Directors vested with specific duties; such Directors may also be provided supplementary benefits relating to lodging and/or the use of company vehicles.

Non-executive Directors are not provided with any variable remuneration component; on the other hand, after consulting with the Board of Statutory Auditors, Executive Directors may be recognised a short and/or long-term variable remuneration component, subject to the criteria set forth in the incentive system of the Company of which they are Directors.

As regards the criteria and the procedures relating to the recognition to Directors of any end-of-office compensation, they can be assigned in observance of the regulations in force and, in any case, based on a prior resolution of the Board of Directors on the proposal of the Remuneration Committee. As regards management personnel, any payment of an amount if the termination of employment is on a consensual basis, or if the dismissal is not supported by just cause or dismissal for just cause - if agreed upon - will be equal to three years worth of annual Compensation[12], plus the normal end of employment fees and the advance notice substitution indemnity required by the national collective labour agreement for those who have accrued service seniority of more than 10 years, or equal to two years worth of annual Compensation for those who have accrued service seniority of less than or equal to 10 years. This amount since being calculated on the Compensation it takes into account the performance on average in a period of at least three years.

There are no supplementary pension schemes for the members of the Board, while all employees, whether in an executive position or not, may join specific corporate Pension Funds, divided into Employees' Pension Funds and Executives' Pension Funds. These Funds are based on voluntary contributions made by the recipient and the company and envisage supplementary pension provisions on termination of the employment relation due to retirement.

[12] Calculated with reference to the Annual Gross Remuneration, the short and long-term variable component as Manager, and the short and long-term fixed component possibly received as Director.

B.2 Fit and proper requirements

Most recently at its meeting held on 18 March 2021, the Board of Directors updated, pursuant to the industry regulatory provisions in force, the Fit&Proper Policy, which describes, *inter alia*, the procedures to assess the requirements of suitability for office – in terms of integrity, professionalism and independence, as well as of absence of causes of impediment, suspension and incompatibility – of the members of the administrative and control body, as well as the Heads of the Key Functions.

The Board of Directors assesses whether each of its members and the General Manager, where appointed, meet the requirements set by legal and regulatory provisions in force at the time in terms of integrity, professionalism and independence, as well as assessing the absence of causes of impediment, suspension and incompatibility pursuant to legal and regulatory provisions on interlocking directorships.

In relation to the independence requirements of its members, the administrative body conducts its assessments also with regard to the provisions of the Corporate Governance Code.
With particular reference to the evaluation of the independence requirement pursuant to the Corporate Governance Code and the Fit&Proper Policy mentioned above, we note that:

- in line with international best practices, particular attention is paid to the "substantial" independence requirement of the non-executive Directors. The Company has adopted a restrictive interpretation of the provisions contained in the Corporate Governance Code, in order to ensure the interests of all Shareholders, both majority and minority;
- taking into account the current ownership structure of Unipol, all Directors of the Company are considered non-independent if they are:
    i. members of the Management Committee of the Shareholders' Agreement[13] concluded by some Unipol shareholders; or
    ii. important representatives (i.e. Chairman, General Manager or Executive Directors) of the main Shareholder of the Company;
- for the purposes of evaluation of the independence requirement of a Director, it is also responsible for:
    i. the annual amount paid for any professional and/or other services rendered to the Company and/or holding company and/or subsidiaries that exceeds 5% of the annual turnover of the Director or of the company or entity over which the Director has control or is an executive director of the professional practice or consulting company of which he or she is a partner or shareholder or, at any rate, exceeding €500,000 per year;
    ii. any compensation received for offices also held in the holding company and/or subsidiaries, where these exceed a total of €200,000 per year;
    iii. any personal and financial situations which could result in conflicts of interest and also potentially hinder the independent judgement of the Director, in any event with the performance of corporate management in the interest of the Company remaining ensured, consistent with the objectives of sound and prudent management.

If the Director is also a partner of a professional practice or a consulting company, even irrespective of the quantitative parameters mentioned above, the administrative body evaluates the significance of the professional relations which could have an effect on his or her position and role within the practice or the consulting company or which, in any event, relate to significant transactions of Unipol, or UnipolSai and the Unipol Group.

With regard to the suitability requirements described above, the Board of Directors carries out its evaluation:

- for the entire Board of Directors, after this is appointed by the Shareholders' Meeting and, afterwards, at least once a year;
- for individual Directors, at the time of co-optation of one or more new Directors by the Board and after the appointment by Shareholders' Meeting, as well as in later board meetings when it is assessed whether all Directors continue to meet the requirements specified;
- for the General Manager, on appointment by the Board of Directors and, afterwards, at least once a year.

The Board carries out the evaluation reviewing the information provided by the individuals involved on the basis of their curricula vitae and the statements in lieu of certification provided by these, also taking into account the information in

[13] Referring to the material Shareholders' Agreement pursuant to Art. 122 of the Consolidated Law on Finance, effective 15 December 2017 for three years, tacitly renewable, concluded by some shareholders of Unipol operating as a voting and blocking syndicate on the Company shares involved, representing 30.053% of the share capital.

the Company's possession and the assessments carried out by the competent functions of the Company and the Group. This documentation is made available for review during the Board meeting and is put to the record.
The Board of Directors takes its resolutions with the abstention, each time, of the individual Director being assessed.
The Board of Directors, most recently during its meeting on 12 May 2022, punctually fulfilled its obligations pursuant to current legal provisions with regard to the assessment of the satisfaction of the legal and regulatory requirements by its members – in terms of integrity, professionalism and independence, as well as of absence of causes of impediment, suspension and incompatibility. This assessment was carried out in compliance with the Fit&Proper Policy.
Lastly, to assess whether Directors are able to carry out effectively their functions, the Board of Directors carries out – after its appointment and, later, once a year – an assessment of the compliance with the provisions on overlapping offices, as indicated in a specific regulation adopted by the Board as guideline for the maximum number of offices as director or statutory auditor that may be considered compatible with an effective execution of the tasks of Director, according to the provisions of the Corporate Governance Code. This Regulation (which is available in the Corporate Governance Section of the Unipol website) sets some general criteria, which take into account the actual role that the Director has in other companies as well as the nature and size of these companies, introducing differentiated limits, respectively, for the position of Chairman and of executive, non-executive or independent Director, also considering the prohibitions on interlocking directorships set by legal and regulatory provisions.
In line with the best international practice and with the provisions of the Corporate Governance Code as well as with the supervisory provisions in force from time to time, the Board of Directors carries out an annual assessment on the size, composition and operation of the said administrative body and the Board Committees, also taking into account elements such as the professional characteristics, experience, including managerial, and the gender of its members, as well as their length of office (Board Performance Evaluation). The evaluation concerns also the possession, by the Board as a whole, of the technical expertise needed to the execution of the tasks assigned by current legal provisions, in compliance with the principle that, in the choice of the Directors, it is necessary to keep into account the size of the Group as well as the complexity and specificity of the sectors in which it operates, to ensure that the Board as a whole has the appropriate technical expertise.
The Heads of the Key Functions and the Head of the Anti-Money Laundering Function are appointed by the Board of Directors from amongst parties meeting the same requirements of integrity as those set forth by regulations in force for the Directors and Statutory Auditors as well as of adequate professionalism pursuant to company policies in force on the matter[14].
Moreover, the Heads of the Key Functions and the Head of the Anti-Money Laundering Function must meet the independence requirements envisaged for each of them by the relevant supervisory provisions in force from time to time. The Board of Directors verifies that these requirements are met by all Function Heads at the time of their appointment and, later, at least once a year, during the regular assessment of the requirements of all Directors and Statutory Auditors. The evaluation is carried out through the review of the information provided by the individuals involved in their curricula vitae and the statements in lieu of certification provided by these, taking also into account the assessments carried out by the competent units of the company and the Group. This documentation is made available for review during the Board meeting and is put to the record.
At its meeting held on 12 May 2022, the Unipol Board of Directors performed, inter alia, the periodic verification of the requirements of the Heads of the Key Functions and the Head of the Anti-Money Laundering Function.

14 The requirements of suitability for office of the Head of the Anti-Money Laundering Function are established in the Money laundering and terrorist financing risk management policy, adopted by the Unipol Board of Directors and subsequently updated most recently on 9 February 2023.

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

B.3.1 Risk management system

The Risk management system is the set of processes and tools used in support of the risk management strategy of the Unipol Group; it provides an appropriate understanding of the nature and significance of risks to which the Group and the individual companies and forms of supplementary pension, including Open-ended Pension Funds, are exposed. The Risk management system makes it possible to have a single point of view and a holistic approach to risk management, and it is an integral part of the management of the business. The Risk management system specifies the risk management process, which is articulated as follows:

- identification of the risks, which consists of the identification of the risks believed to be significant, or those risks the consequences of which may jeopardise the solvency or the reputation of the Group and the individual Group companies or represent a serious obstacle to the achievement of the strategic objectives;
- current and forward-looking assessment of the risk exposure; the current evaluation of the risks identified is carried out by using the methodologies specified by regulations and best practice with regard to the risks for which the measurement is not regulated or is specified with high-level principles. With regard to the forward-looking evaluation, we note that the internal assessment of risk and solvency (the "Own Risk and Solvency Assessment" or "ORSA") is used to support the strategic decisions of the Group and the Companies;
- monitoring of risk exposure and reporting, a system implemented – on the basis of the principles of completeness, timeliness and effectiveness of the disclosure – to ensure a timely and constant monitoring of the evolution of the Risk Profile and the compliance with the specified Risk Appetite. This system ensures that the quality and quantity of the information provided are proportional to the requirements of the different recipients and the complexity of the business managed, so that this may be used as a strategic and operational tool for the evaluation of the potential impact of the decisions on the risk profile and the solvency of the Group and the individual Companies;
- risk mitigation, which consists of the identification and proposal of actions and initiatives necessary and/or useful to mitigate current or future risk levels, when these are not in line with the risk objectives specified.

The identification, evaluation and monitoring of the risks are carried out on ongoing basis to take into account the changes occurred both in the nature and size of the business and in the market context, and whether new risks arise or the existing ones change.
The Risk management system follows an Enterprise Risk Management ("ERM") approach, that is, is based on the assessment of all current and forward-looking risks to which the Group is exposed, assessing the impact that these risks may have on the achievement of the strategic objectives.
To pursue these high-level objectives, the approach adopted takes into account the need to reconcile multiple requirements expressed by the main stakeholders. In particular, the Risk Management System aims to reflect:

- the requirement of safeguarding the assets and the reputation of the company;
- the need for security and solvency;
- the target rating;
- the need to diversify risks and ensure adequate liquidity.

B.3.1.1 Risk management and monitoring system: Risk Appetite

Based on the principles outlined above and to pursue the objectives assigned, the Risk management system relies on a key element: the Risk Appetite.
The Risk Appetite can be established as a fixed target or as a range of possible values and is broken down into quantitative and qualitative elements.
In quantitative terms, Risk Appetite is generally determined on the basis of the following elements:

- capital at risk;
- capital adequacy;
- Liquidity/ALM (Asset Liability Management) ratios.

Quality objectives are defined in reference to compliance, emerging, strategic, reputational, ESG (Environmental, Social and Governance) and operational risks.

The Risk Appetite is formalised in the Risk Appetite Statement, which indicates the risks that the Group and the Companies intend to take or avoid, and sets the quantitative limits and the qualitative criteria to be taken into account for the management of unquantified risks.
The Risk Appetite is part of a reference framework - the Risk Appetite Framework (RAF). The RAF is defined in strict compliance and prompt reconciliation with the business model, the Strategic Plan, ORSA process, the budget, company organisation and the internal control system. The RAF defines the Risk Appetite and other components ensuring its management, both in normal and stress conditions. These components are:

- Risk Capacity;
- Risk Tolerance;
- Risk Limits (or operational risk limits);
- Risk Profile.

The activity to define the RAF components is dynamic, and reflects the risk management objectives associated with the objectives of the Strategic Plan. Verification is performed annually as part of the process of assigning Budget objectives. Further analyses for the preventive control of Risk Appetite, and capital adequacy in particular, are performed when studying extraordinary transactions (mergers, acquisitions, disposals, etc.).

The RAF is broken down into several analysis macro areas with the aim of guaranteeing continuous monitoring of risk trends and capital adequacy. The main analysis macro areas are:

- individual type of risk, overall risk and capital adequacy;
- individual companies and group.

The Risk management system is formalised by the Risk management policy, adopted by the Board of Directors of the Parent Company and subject to regular updates, which sets, in reference to the perimeter of competence, suitable guidelines for the identification, evaluation, monitoring and mitigation of the risks and the operational limits in line with the Risk Appetite specified. The Parent Company ensures that the Risk management policy is implemented consistently and continuously within the entire Group, taking into account the risks of each company in the scope of group supervision and their mutual interdependencies, with reference to the provisions laid out in Articles 210 and 210-ter, paragraphs 2 and 3 of the Private Insurance Code ("CAP").

The principles and processes of the Risk management system as a whole are governed by the following Group policies: "Current and Forward-looking Internal Risk and Solvency Assessment Policy", "Operational Risk Management Policy" and "Group-level Risk Concentration Policy". The policies setting the principles and guidelines below are an integral part of this risk management system: (i) management of specific risk factors (e.g. Investment Policy for market risk and Credit Policy for credit risk), (ii) risk management as part of a specific process, (iii) risk mitigation and (iv) risk measurement model management.

B.3.1.2 Objectives and Core principles of Risk Management

Within the Risk management system, the Risk Area is in charge of continuously identifying, measuring, assessing and monitoring the current and prospective risks at the individual and aggregated level that the Group is or may be exposed to and their correlations. In the exercise of its role, the Risk Area is responsible for designing, implementing and maintaining the risk measurement and control systems. Among these, particular relevance is given to the definition and the use of tools aimed at assessing the capital needed against the risks identified and, in particular, the Internal Model. In this regard, we note that IVASS authorised[15] Unipol to use the Partial Internal Model (or the "PIM") to calculate the Group Solvency Capital Requirement with effect from the annual supervisory reporting relating to 31 December 2017.
Within the Group, the responsibility for the design and implementation of the PIM is separated from the responsibility for its validation.
The Risk Area also contributes to the dissemination of a risk culture throughout the Group.

[15] See Measure No. 0113852/18 of 24 April 2018.

B.3.2 Own risk and solvency assessment (ORSA)

The process for the execution of the internal current and forward-looking risk assessment is described - at the Group level - in the Internal Current and Forward-looking Risk and Solvency Assessment Policy, adopted by the Board of Directors of the Parent Company and subject to regular updates, which moreover defines the tasks, roles and responsibilities of the Corporate Bodies and the units involved, the frequency of the quantitative analysis and the corresponding rationale and the quality standards for the data used in the analysis, as well as the cases when a new evaluation of the risks is required.
Through the own risk and solvency assessment, the Group pursues the following objectives:

- to highlight the link between the business strategy, the capital allocation process and the risk profile;
- to obtain an overall view of all risks to which the Group and the Companies are exposed, or could be exposed in the future, and the current and forward-looking solvency;
- to provide to the Board of Directors and Top Management an evaluation on the design and the effectiveness of the risk management system, highlighting at the same time any deficiency and suggesting remedial actions.

In particular, with reference to the current evaluation, these objectives are achieved by:

- the measurement of the capital required according to current legal and regulatory provisions, making use of the Internal Model;
- the assessment of the capital adequacy of the Group and the Companies, on the basis of the results obtained under the previous point.

With reference instead to the forward-looking evaluation, the objectives are pursued through ORSA, which allows for the analysis of the risk profile of the Group based on strategy, market scenarios and business trends.

In designing ORSA, the Group has followed the following principles:

- the assessment of risks at Insurance Group level includes the risks from all companies included in the group supervision area and takes into account their correlations. For the purposes of the group ORSA, the ultimate Italian parent company defines a process for the assessment of risks at group level, which also includes those deriving from companies with registered office in third countries, from companies not subject to sector regulations and from other companies subject to specific sector regulations;
- the ORSA, as well as being a legal requirement, represents an internal assessment element to support operational and strategic decisions. ORSA and strategic planning processes are strictly related:
    - the estimates taken as reference for the development of the Strategic Plan are the basis for the ORSA in a forward-looking approach;
    - ORSA is used in support of the drafting and review of the Strategic Plan;
- ORSA takes into account all risks that may cause a significant decrease in Own Funds at the Group level and for each individual Company, or that have an impact on the ability to meet the commitments towards the policyholders, in line with the Risk management policy. For the risks not included in the calculation of the capital requirements set by Pillar I of the Solvency II Directive, the Group carries out a qualitative assessment. Therefore, the assessment on these risks is basically aimed, rather than to quantify the potential loss, to verify the effectiveness of the controls implemented and the good operation of the management and monitoring processes;
- ORSA is carried out in compliance with the data quality standards set by the Data Governance Policy in force at the reference date.

The execution of ORSA and the drafting of the corresponding report are started after the end of the reference year and follow a schedule consistent with the deadlines set by supervisory regulations.
Before the meeting called to approve the ORSA Report, the administrative bodies of Unipol, UnipolSai and the other Companies approve the criteria and the methodologies - including the types of stress tests and reverse stress tests - to be used in drafting the ORSA Report. The administrative bodies of UnipolSai and the other Companies later approve, within their respective areas of competence, the sections of the ORSA Report that concerns them, before this is submitted to the Board of Directors of Unipol to be approved as a whole. In compliance with legal and regulatory provisions in force, the Group sends the ORSA Report to IVASS by the deadline envisaged in regulations.

B.3.2.1 Solvency needs

The internal current and forward-looking assessment is an integral part of the risk management system and the decision-making process of the Insurance Group and the Companies and presents therefore points of contact with other corporate processes, such as:

- strategic planning and capital allocation;
- definition of the Risk Appetite;
- monitoring and mitigation of risks;
- the preparation of the Group's Pre-emptive recovery plan.

As concerns the current assessment, please note that the indicators specified in the Risk Appetite Statement are monitored on an at least quarterly basis.
The forward-looking assessment, instead, is developed in line with the schedule and the elements of the Strategic Plan and the annual budget, through which the economic capital is allocated to each Company and risk category. The capital allocation process provides for each year of the Strategic Plan a projection of the Own Funds and an estimate, through Internal Model, of the capital required according to the strategic plan scenarios. This analysis is in line with the Risk Appetite Framework, as specified within the Risk management policy.

As specified in the ORSA Report relating to the year 2022, transmitted to the Authority in accordance with the timing set forth in the legislation in force, the current and forward-looking risk assessment analyses were conducted using the following methodologies:

- PIM for capital at risk and capital adequacy, for the Unipol Group;
- PIM for capital at risk and capital adequacy, for UnipolSai;
- PIM for capital at risk and capital adequacy, for Arca Vita;
- Market Wide Standard Formula for capital at risk and capital adequacy, for the other Companies.

Unipol relied on the right pursuant to Art. 215-ter, paragraph 3 of the CAP to transmit a report on the single internal assessment of the risk profile for all Group companies. The reasons for this decision - which is moreover compliant with the normal practice exercised with reference to the ORSA analyses conducted in previous years - lie in the presence within the Group of processes characterised by a high level of consistency among the companies and therefore in the desire to consider all companies which are subject to the prudential supervisory system introduced by Directive 2009/138/EC on a unitary basis and using the same methodology.

B.3.3 Internal model governance

Unipol was authorised by IVASS to use the PIM to calculate the group Solvency Capital Requirement with reference to the following risk elements, as well as in the aggregation process:

- Non-Life and Health Underwriting Risks for the earthquake disaster component;
- Life Underwriting Risks;
- Market Risks;
- Credit Risk.

The PIM is also used in the risk management system and in the decision-making processes as a tool to support the decisions of strategic relevance of the Company and the business activities. This model is in fact used for the definition and quarterly monitoring of the Risk Appetite, in line to which operational limits are specified for each risk factor, reviewed at least once a year to ensure their effectiveness over time and reported within the Group corporate Policies.

The governance, update and validation of the PIM are regulated, respectively, by the Internal Model Governance Policy, the Internal Model Update Policy and the Internal Model Validation Policy, adopted by the Board of Directors of Unipol and subject to regular updates.

B.3.3.1 Board of Directors

The Board of Directors has the final responsibility for ensuring that the PIM is appropriate in terms of design and functionality, that it continues to reflect the risk profile of the Group and that the resources involved in the development, monitoring and maintenance of the Model are appropriate in terms of number, experience and areas of competence with respect to the objectives of these activities. The Board of Directors has a clear understanding of the Internal Model, with particular reference to its structure and the ways in which this reflects the business and is integrated in the risk management system, of the context of application and its limitations, of the methodologies and the diversification effects considered.

B.3.3.2 Role of the Committees

In support of the Board of Directors, the Control and Risk Committee provides non-binding opinions on the validation of the PIM and any risk mitigation initiative related to PIM deficiencies identified during validation.

B.3.3.3 The Risk Management Function

The Chief Risk Officer, who reports hierarchically to the General Manager, without prejudice to the fact that he/she reports directly to the Board of Directors, is responsible for the risk management function. The Risk Management Models Validation Department reports to the Chief Risk Officer.

The Chief Risk Officer supports the Board of Directors, the General Manager and Top Management in the evaluation of the structure and effectiveness of the Risk Management System, highlighting any deficiencies and suggesting recommendations for resolving them, as well as the methodologies and methods used, in particular in the current and forward-looking own risk and solvency assessment, for the management of such risks. With reference to the governance of the PIM, the Risk Area is responsible for designing and implementing said Model.

Lastly, it should be noted that the Risk Management Models Validation Department enjoys the necessary independence and separation in the performance of its tasks to avoid conflicts of interest with the function responsible for designing and implementing the Internal Model. The staff of the Risk Management Models Validation Department in fact are separate and independent from those which, in the Risk Area, are responsible for the design and development of the Internal Model.

B.3.3.4 Description of the validation processes used to continuously monitor the results and adequacy of the internal model

The validation process includes all elements of the PIM, the monitoring of its good operation, the ongoing monitoring of the suitability of its specifications and the cross-check of its results against historical data.
The perimeter of the validation extends to all operational units of the Parent Company and of the Companies that have obtained authorisation from IVASS to use the PIM and to all risks included in the perimeter of the PIM.
Besides the validation on first adoption, before authorisation by the supervisory authorities to use the PIM to calculate the SCR, the PIM is subject to:

- regular validation, with annual frequency;
- occasional validation, in addition to the regular validation cycle, in the cases indicated in the Internal Model Update Policy.

The stages of the validation process are:

- analysis of the risk modules and sub-modules that constitute the Internal Model for each area set out in the reference regulation;
- obtainment of information (internal documents, academic articles) in keeping with the best practice adopted in developing and implementing similar solutions to those making up the elements of the Internal Model;
- preparation and execution of tests to conduct the necessary checks for confirming the application of the best practice in implementing the Internal Model;
- in relation to the complexity and seriousness of the results obtained by the initial phase of checks, the Risk Management Models Validation Department can engage in dialogue with the units responsible for calculating the SCR in order to guarantee it has correctly identified the key methodological and practical aspects of the solutions implemented in the Internal Model subject to validation;
- planning of subsequent in-depth analyses if, also based on discussions with the units responsible for calculating the SCR, it emerges that the results obtained by the checks and the tests conducted are not sufficient;

- presentation of the analyses, tests and in-depth analyses carried out in a single document, organised by risk modules and sub-modules, areas analysed and tools used for the checks conducted.

In addition, although preserving the independence required by regulatory provisions in the execution of validation activities, the Risk Management Models Validation office makes recommendations to the developers of the PIM, with the objective of constantly improving its functioning.

B.3.4 Procedures that ensure consistency within the Group of the internal control and risk management systems and reporting

Unipol has provided the Group with an Internal Control and Risk Management System - the definition and purposes of which are described in this paragraph as well as in paragraph B.4 - which is suitable to conduct effective controls on the strategic decisions of the Group as a whole and on the operational balance of its individual members, also establishing the relative guidelines. This System provides the Group with a global and unitary approach to risk management.
The Internal Control and Risk Management System is implemented using methods that guarantee an integrated approach at Group level. The Parent Company ensures that this Internal Control and Risk Management System is implemented consistently and continuously within the entire Group, taking into account the risks of each company in the scope of group supervision and their mutual interdependencies. The principle of proportionality continues to apply, based on the nature, extent and complexity of the risks inherent in company activities carried out by the various Group companies.
In order to guarantee that procedures for reporting to the Supervisory Authority and the public are carried out consistently within all Group companies, Unipol has adopted (i) the Policy on information to be provided to the Supervisory Authority, (ii) the Policy on public disclosure, (iii) the Policy of statistical information, whereby the Parent Company, in exercising its management and coordination activities, defines guidelines for the preparation, revision and approval of reporting to the Supervisory Authority and the general public. These Policies are adopted, as applicable, by the individual Group companies in compliance with their respective business models.
The consistency of internal reporting is ensured using various methods. First of all, the Group's corporate policies govern the main information flows within the individual companies and to the Parent Company, inherent in the topic subject to the policy, by identifying their function/sending body, addressees and frequency. Particularly with regard to the internal control system, the Key Function Policies describe, inter alia, the information flows exchanged within the Group between those Functions and the bodies/other parties involved in that System. The policies and procedures applicable to the Group companies included within the group's supervisory scope require information flows from them to the Parent Company, which are part of the internal reporting system in place within the Insurance Group (e.g., information flows relating to transactions within the group and with related parties, the outsourcing of functions and activities, etc.).
Furthermore, an internal group directive has been issued by Unipol in order to achieve greater coordination in the relative activities of drawing up and issuing corporate communications documents which establishes, inter alia, that documents such as Internal Provisions, Operating Rules and Circulars must be subject to prior review by the Parent Company's Audit, the Risk Area and the Compliance and Anti-Money Laundering Functions, if they regard matters dealt with in Group policies or guidelines, topics transversal to multiple sectors or if they envisage the direct or indirect involvement of Parent Company functions.
Lastly, also to allow for strategic, management and technical-operational control, aimed at assessing the various risk profiles contributed to the Group by the individual Group companies, the Group's Risk Committee has been set up at the Parent Company, with responsibility for implementing, maintaining and monitoring the Group's internal control and risk management system.

B.4 Internal control system

The Internal Control and Risk Management System is a key element in the overall corporate governance system. It consists of a set of rules, procedures and organisational structures for the effective and efficient identification, measurement, management and monitoring of the main risks, with the aim of contributing to the sustainable success of companies. Specifically, it aims to ensure:

- the effectiveness and efficiency of corporate processes;
- identification, current and forward-looking assessment, management and adequate control of risks, in line with strategic guidelines and the risk appetite of the company, also in the medium-long term;

- prevention of the risk that the company be involved, even unintentionally, in illegal activities, in particular those related to money laundering, usury and terrorist financing;
- prevention and correct management of the potential conflicts of interest, also with Related Parties and Intra-group Counterparties, as identified by regulatory provisions of reference;
- verification that corporate strategies and policies are implemented;
- safeguarding of the value of company assets, also in the medium to long term, and the proper management of assets held on behalf of customers;
- reliability and integrity of information provided to Corporate Bodies and the market, particularly in relation to accounting and operational information, as well as of IT procedures;
- suitability and timeliness of the company reporting system;
- compliance of the business activities of the company and the transactions carried out on behalf of the customers with the laws and regulations, corporate governance codes and internal company provisions.

The Internal Control and Risk Management System is an integral part of the company and must extend to all sectors and units, involving all employees, each for his own level and responsibility, to ensure a constant and effective control of the risk.

The Internal Control and Risk Management System is defined in the Group Directives on the corporate governance system, adopted by the Unipol Board of Directors on 21 June 2019 and updated most recently on 23 June 2022, which are complemented by the Policies of the Key Functions, recently approved during the same board meeting.
The Board of Directors is in charge of the Internal Control and Risk Management System; to this end, it approves Directives - which, inter alia, are the basis of the Internal Control and Risk Management System - as well as the Current and Forward-looking Own Risk and Solvency Assessment and Risk Management Policies and ensuring that the main corporate risks are adequately identified, assessed - also on a forward-looking basis - and controlled, as well as approving an organisational structure able to ensure, through an appropriate and consistent articulation, the separation of the roles in the execution of process activities, the traceability and visibility of the transactions and the transparency of the decision-making processes concerning the individual operational processes. The Board of Directors also periodically verifies the adequacy and effective functioning of the Internal Control and Risk Management System.
The Top Management (the General Manager and the top managers in charge of the decision-making process and the implementation of strategies) is responsible for the overall implementation, maintenance and monitoring of the Internal Control and Risk Management System, in line with the directives of the Board of Directors and in compliance with the roles and duties assigned to it, and in accordance with guidance issued by the Parent Company.

The Internal Control and Risk Management System is designed according to the guidelines described below:
- *separation of tasks and responsibilities*: the areas of competence and the responsibilities are clearly divided among bodies and units, to avoid gaps or overlaps that may affect the operations of the company;
- *formalisation*: the activities of the administrative bodies and delegated parties must always be documented, to ensure the control on the management and the decisions taken;
- *integrity, completeness and correctness of the data stored*: it is necessary to ensure that the data recording system and the corresponding reports have appropriate information on the elements that may affect the risk profile of the company and its solvency;
- *independence of controls*: the independence of the control functions with respect to the operational units must be guaranteed.

The Internal Control and Risk Management System is regularly submitted to evaluation and review, according to the developments of the corporate activity and the reference context.
The Internal Control and Risk Management System is articulated on multiple levels:
- line controls ("first line of defence"), aimed at ensuring transactions are carried out correctly. These are performed by the same operating structures (e.g. hierarchical, systematic and sample controls), also through the different units which report to the heads of the structures, or carried out as part of back office activities; as far as possible, these are incorporated in IT procedures. The operating structures are the primary bodies responsible for the risk management process and must ensure compliance with the adopted procedures for implementing the process and compliance with the established risk tolerance level;
- controls on risks and compliance ("second line of defence"), which aim at ensuring, among other things, the correct implementation of the risk management process, the execution of the activities assigned by the risk management process, compliance with the operational limits assigned to the different functions, the compliance of corporate operations with external and internal regulations and the reliability and adequacy of

the calculation of Solvency II technical provisions. The functions responsible for these controls are separate from the operating functions; they help define the risk governance policies and the risk management policy;
- internal audit ("third line of defence"), verification of the comprehensiveness, functionality, adequacy and reliability of the internal control and risk management system (including the first and second line of defence) and that business operations comply with the system.

In the definition of the organisational structure of the control function, the Unipol Group has adopted a Function organisational model which is structured differently depending on the reference corporate scope, in any event pursuing the main objective of ensuring uniformity and consistency at Group level in the adoption of risk governance policies, procedures and methodologies and controls. With reference to the Group Companies with registered office in Italy, a "centralised" model was again adopted for the year 2022, which calls for:
- the set-up of the Key Functions at UnipolSai;
- the outsourcing of the Key Functions to UnipolSai by the Group Companies with registered office in Italy and the appointment within those companies of Function Heads, meeting requirements of eligibility for office set forth in the Fit & Proper Policy, to which the overall responsibility of the Function for which they are responsible is attributed.

The Parent Company performs proportionate governance, guidance and coordination activities for the Group companies - taking into account, inter alia, the activities carried out, the individual risk profile and the contribution of each company to the Group's overall risk - also on the basis of a detailed system of information flows in order to guarantee the following:
- integrated management of risks and controls;
- common governance, direction and co-ordination approach in line with the objectives of the respective functions of the Parent Company and the strategies specified.

As noted above, within the Internal Control and Risk Management System, the task of assessing that the internal procedures, processes, policies and organisation of the company are appropriate to prevent compliance risk is assigned to the Compliance and Anti-Money Laundering Function. The compliance operational process is articulated in the following stages:
- analysis of legal and regulatory provisions;
- evaluation of the risk;
- identification of corrective actions;
- monitoring;
- reporting.

The intensity of each stage depends on the "project" or "control" approach adopted by the Compliance and Anti-Money Laundering Function, according to whether the evaluation: (i) is related to the entry into force of new laws and regulations, to new projects/services/processes, or; (ii) concerns external or internal regulatory provisions in force.
The assessments of the first type (*ex ante* assessments) are mainly aimed at supporting the Top Management in the corrective actions resulting from new projects/processes/laws and regulations; those of the second type (*ex post* assessments) have the purpose of representing the level of compliance of the procedures, processes, policies and internal organisation of the companies/of the Group with applicable regulations, as well as compliance risk.

<u>*Ex ante* assessments</u>
The *ex ante* assessments are carried out at the time: i) of external events, e.g. the issue of new laws and regulations applicable to the companies by European or Italian legislators, Supervisory Authorities, etc. or ii) of internal events, e.g. the proposal by the management of new projects, the development of new operating processes or the revision of existing processes.
These assessments are usually scheduled within the annual plan of the Compliance and Anti-Money Laundering Function and the scope is chosen according to a priority system that focuses, mainly, on the relevance and the impact (also reputational) of the newly-issued legal and regulatory provisions (or expected process innovations) with respect to the organisation and business model of the company. The *ex ante* assessments may also be started after a one-off request by the supervisory authorities, the corporate bodies or the management.

<u>*Ex post* assessments</u>
Ex post assessments concern external supervisory regulations (e.g. IVASS and Consob Regulations, Laws and Decrees, etc.), as well as internal regulations; they may also concern company processes. These assessments are usually scheduled within the annual plan of the Function, according to a priority system that focuses on:

- the need to monitor the newly issued applicable regulations, also in consideration of their relevance and complexity;
- the evaluation of the risks in regard to laws and regulations that are subject to special attention by regulators and Supervisory Authorities, or that are subject to especially strict sanctions;
- the results of previous assessments, *ex ante* and *ex post*;
- the time passed since the latest analysis carried out by the Compliance and Anti-Money Laundering Function and the other Key Functions in regard to the relevance of legal and regulatory provisions in question;
- the data related to claims and sanctions received, if available.

The *ex post* assessments may also be started following a one-off request by the Supervisory Authorities, the corporate bodies or the management.

B.5 Internal Audit Function

The Audit Function is responsible for assessing and monitoring the effectiveness, efficiency and adequacy of the internal control system and the additional components of the system of corporate governance, according to the nature of the business activities performed and the level of risks undertaken, its consistency with the guidelines defined by the Board, as well as its updating, if applicable, also through support and advisory activities provided to other company functions. The procedures of execution of the tasks assigned to the Audit Function are specified and formalised in the "Audit Policy" document.

The Head of Audit has specific expertise and professionalism for carrying out the activities and has the authority needed to ensure their independence. Audit has been provided with personnel and technology resources consistent, for quantity and quality, with the purpose of the controls. Personnel in charge of the activities are given - for the execution of the assessments - access to all business units and all relevant information, including the information needed for the assessment of the suitability of the controls carried out on outsourced company functions. In addition, the structures subject to intervention must provide accurate and comprehensive information.

Audit activities include in particular:
- the audits on the fairness of management processes and the effectiveness and efficiency of organisational procedures;
- the audits of the compliance of the different operational sectors with the limits set by the delegation mechanisms as well as of the full and correct use of the information available in the different activities;
- the audits on the suitability and reliability of the IT systems so that the quality, accuracy and promptness of the information on which the top management bases its decisions is ensured;
- the assessments to ensure that the administrative-accounting processes meet criteria of fairness and regular keeping of the accounts;
- the assessments on the effectiveness and actual performance of the controls carried out on outsourced activities;
- the audit of the regularity and functionality of the reporting activities between corporate sectors;
- the Solvency II audits on the elements that make up the internal control system monitoring the correct and effective governance of the models adopted;
- periodic audits on the forward-looking risk assessment process;
- audits on the adequacy and proper implementation of the internal organisational structure;
- advisory support to all business units in the preparation of new processes and activities, so that the necessary levels of security and the control points are appropriately specified and constantly monitored;
- the reporting to the Board of Directors, the General Manager, Top Management, managers of the operating units, the Control and Risk Committee, the Remuneration Committee, the Board of Statutory Auditors and the Supervisory Board pursuant to Legislative Decree 231/01;
- the co-operation with the Control and Risk Committee, the independent auditing company, the Board of Statutory Auditors and the Supervisory Board.

The Audit Function operates in compliance with the regulations, measures and resolutions of the Supervisory Authorities as well as the Code of Ethics of the Institute of Internal Auditors.

The audits conducted by the Audit Function are classified into the following main types:
- process audits: these include audits aimed at assessing the effectiveness, efficiency and actual performance of the internal controls regarding the insurance, financial, management, governance, IT and business processes of

the Group Companies subject to Bank of Italy supervision and the business processes of the diversified companies. As part of said audits: (i) an analysis is conducted on the process subject to audit, in order to identify the activities, risks and controls in place and (ii) tests are performed on the controls put in place to monitor the risks considered significant;
- audits on settlement structures: the audits on observance of the external and internal regulations by the settlement structures with settlement autonomy fall under this domain. These controls are carried out also to bring to light anomalous trends and/or violations as well as any findings on the effectiveness and efficiency of the internal control system of the settlement network and the processes at the registered office, when they have repercussions on the activity carried out by the settlement services;
- audits on internal fraud: this area includes the monitoring and identification of fraudulent behaviour or serious technical/regulatory irregularities by Group employees or associates which call for the competent structures to take the necessary measures;
- audits deriving from regulatory obligations;
- other activities required by regulations, projects, administrative and reporting requirements.

Based on the results of the audits conducted, the Audit Function formulates recommendations for the resolution of any criticalities and gaps identified and, at a later date, controls the effectiveness of the corrections made to the system.
If the audits highlight situations of particular relevance or severity, the Audit Function promptly reports them to the Board of Directors, the Control and Risk Committee, the General Manager, the Top Management and the Board of Statutory Auditors.

B.6 Actuarial function

With reference to Solvency II Technical Provisions, in compliance with Art. 30-sexies of the CAP and with the relative implementing provisions and in line with what was decided at the time of set-up of the Actuarial Function, the Function carries out the following tasks with reference to the Group:
- to coordinate the calculation of the Technical Provisions, as well as the evaluation and the validation of the data to be used in the procedure of evaluation of the adequacy of the provisions;
- to ensure the suitability of the methodologies and the models used, as well as of the assumptions on which the calculation of the Technical Provisions is based, also in terms of proportionality of the methodologies to the nature, magnitude and complexity of the risks underlying the commitments taken;
- to assess the adequacy and quality of the data used in the calculation of the Technical Provisions;
- to compare the best estimates with historical data;
- to inform the Board of Directors about the reliability and suitability of the Technical Provisions' calculation;
- to supervise the calculation of the Technical Provisions in the cases specified by legal and regulatory provisions;
- to express an opinion on the global risk underwriting policy;
- to express an opinion on the suitability of the reinsurance agreements;
- to verify the consistency between the amounts of the technical provisions calculated on the basis of assessment criteria applicable to the financial statements and the calculations resulting from the application of Solvency II criteria, as well as the resulting presentation and justification of any differences. This consistency check is also carried out between the databases and the data quality process adopted, respectively, for prudential and statutory purposes;
- to contribute to apply the risk management system effectively, in particular with reference to the modelling of the risks underlying the calculation of capital requirements, and own risk and solvency assessment.

The Actuarial Function collaborates with the Risk Area in the analysis and assessment of the methodologies and assumptions used in determining future taxable profit for the calibration of the adjustment for the loss absorbing capacity of deferred taxes (ALAC-DT).

Furthermore, the contribution of the Actuarial Function may also be required in the definition of the strategic plan as well as for specific business requirements.

Lastly, pursuant to Art. 92, paragraph 1 of Regulation 38, the Group's Actuarial Function formulates, inter alia, an opinion on the management of assets-liabilities and on the solvency of the group, as well as on the company's recognition of a discretionary participation in profit, where appropriate in relation to the contractual forms offered.

B.7 Outsourcing

The Outsourcing and supplier selection policy ("Outsourcing Policy") defines guidelines on outsourcing and governs the decision-making processes, responsibilities, tasks and controls required on the outsourcing of activities and corporate functions within the Unipol Group, as well as to third parties, strengthening in this way the control of the risks deriving from outsourcing decisions. The Outsourcing Policy is approved by the Unipol Board of Directors and is subject to periodic updates[16].
The Policy in particular specifies:

- the criteria and restrictions to identify the activities to be outsourced;
- the criteria and process to classify functions or activities as essential or important and the important operational functions;
- the outsourcing risk assessment;
- the criteria to select the suppliers;
- the decision-making process for the outsourcing of corporate functions or activities, as well as to check for any conflicts of interest, including those relating to relations with suppliers and the assessments carried out to understand the main risks deriving from outsourcing and to identify the relative mitigation and management strategies;
- the minimum content of the outsourcing contracts and the criteria to define the expected service levels of the outsourced activities and the methods for their assessment, as well as the conditions on the basis of which the supplier may make recourse to sub-outsourcing;
- monitoring of outsourcing agreements;
- access and audit rights in the event of outsourcing;
- the internal reporting activities to provide the control bodies and entities, as well as the Key Functions, with the full knowledge and governability of the risk factors related to the functions outsourced;
- the methods for storing documentation relating to outsourcing;
- the guidelines to be followed in case of incorrect execution of the outsourced functions or activities by the service provider, including those related to emergency plans and exit strategies and any new outsourcing assignments or in-housing, in the case of outsourcing of essential or important functions and activities;
- the reporting obligations towards the Supervisory Authorities;
- the keeping of the register of cloud outsourcing.

In compliance with the relevant supervisory provisions, the Company deems essential or important those functions or activities that meet at least one of the following conditions:

- anomalous execution or failure to execute may seriously jeopardise:
  - the financial performance, the solidity/stability of the Company or the continuity and the quality of the services provided to customers; or,
  - the ability of the Company to continue to meet the conditions for the authorisation to the exercise of the activities or the obligations specified by applicable supervisory regulations;
- concern operational processes of the Key Functions, or have a significant impact on risk management;
- are subject to legal reservation.

The following functions/activities, even if not meeting the conditions laid out above, should also be considered essential or important Functions or Activities:

- those which relate to processes of strategic relevance or processes strictly functional or connected to those of strategic relevance;
- those whose anomalous execution could have a significant impact, in terms of reputational risk;
- those which result in a relevant overall exposure of the Company (and the Group, if applicable) to a single service provider and/or a significant cumulative impact in the same operating area;
- those whose service provider is considered irreplaceable;
- those which relate to operating areas of the Company of significant size and complexity;

16 The last update to the Outsourcing Policy was approved by the Board of Directors of Unipol on 15 December 2022.

- those which may entail a risk for the protection of personal data and non-personal data with regard to the Company, the policyholders and other relevant parties, in particular in terms of the potential impact of a breach of privacy or the failure to guarantee the availability and integrity of the data on the basis, *inter alia*, of the GDPR as regards personal data.

Within this classification, outsourcing cannot be considered outsourcing of essential or important functions or activities, with regard to the economic significance of the outsourced activities and their volumes with respect to total volumes, as well as the actual degree of independence of the service provider in the execution of the activities specified by the outsourcing contract.

The classification must be developed before concluding any outsourcing agreement; in performing this assessment, when appropriate, the Company should consider whether the agreement has the potential to become essential or important in the future. Lastly, the assessment should be performed again should there be a substantial change in the nature, extent and complexity of the risks inherent in the agreement.

In compliance with regulations in force in the reference sector, the provisions of the "Outsourcing Policy" and the system of authorisations and powers adopted, the Company may outsource the typical activities and functions of its industry, as well as activities auxiliary and instrumental to running the business.

The Company may conclude outsourcing agreements, provided the nature and the quantity of the activities to be outsourced, as well as the outsourcing procedures, do not result in a transfer of the main activities of the Company. In particular, the Company cannot, by outsourcing:

- delegate its responsibilities, or the responsibilities of its Corporate Bodies. In line with this principle, the outsourcing of activities that are expressly included in the tasks of the latter is not allowed;
- jeopardise the quality of the internal controls and the system of governance of the Company;
- cause an undue increase in operational risk;
- outsource the Key Functions outside the Unipol Group;
- change the relations and the obligations towards the customers;
- jeopardise its ability to meet the obligations specified by supervisory regulations or fail to maintain the reserves provided for by the law;
- hinder the supervision;
- outsource the assumption of risk.

The Company has identified among its personnel a contact person to control the outsourced activities and has formalised the relative tasks and responsibilities.
The outsourcing of essential and important functions or activities, identified according to the above criteria, is subject - as well as to the prior notification to the Supervisory Authorities, if required, - (i) to the approval procedure specified by the system of mandates and powers in force, if the service providers belong to the Unipol Group and (ii) to the approval of the Board of Directors if the consideration exceeds the limit value of the powers attributed to the Chief Executive Officer/General Manager or the service providers are resident outside the European Economic Area (EEA), if the service providers do not belong to the Unipol Group. In particular, the Key Functions, given the relevance taken within the more general internal control and risk management system, may be outsourced, if allowed by industry regulations, in compliance with the authorisation and/or prior communication restrictions set by the competent sector Supervisory Authorities and, in any case, only within the Unipol Group, after resolution of the Board.

The table below provides information on the essential or important functions and activities[17] outsourced by the Parent Company and the jurisdiction in which the providers of these functions and activities are located.

Essential or important outsourced functions or activities	Provider	Provider's registered office
Operational Services	UnipolSai Assicurazioni SpA	Via Stalingrado, 45 - Bologna
Management of financial resources	UnipolSai Assicurazioni SpA	Via Stalingrado, 45 - Bologna
Archiving and electronic storage of VAT registers	SIAV SpA	Via Rossi, 5 - Rubano

17 The classification as Essential or Important in this table originates, for some contracts, from analyses before the issue of the Group Outsourcing Policy and its subsequent updates, and may therefore sometimes depart from the criteria set by it.

The table below provides information on the relevant intra-group outsourcing agreements.

Essential or important outsourced functions or activities	Provider	Provider's registered office
Operational Services	UnipolSai Assicurazioni SpA	Unipol Gruppo SpA
Management of financial resources	UnipolSai Assicurazioni SpA	Unipol Gruppo SpA
Call centre in support of intermediaries and policyholders	Arca Inlinea Scarl	Arca Assicurazioni SpA
Design, implementation and management of computer applications	Arca Sistemi Scarl	Arca Assicurazioni SpA
Archiving of legally admissible optical documents	Arca Sistemi Scarl	Arca Assicurazioni SpA
Management of financial resources	UnipolSai Assicurazioni SpA	Arca Assicurazioni SpA
Personnel administration services	UnipolSai Assicurazioni SpA	Arca Assicurazioni SpA
Anti-terrorism	UnipolSai Assicurazioni SpA	Arca Assicurazioni SpA
Key Functions	UnipolSai Assicurazioni SpA	Arca Assicurazioni SpA
Claims management on health products	UniSalute SpA	Arca Assicurazioni SpA
Claims, guarantee, assistance management	UnipolAssistance Scarl	Arca Assicurazioni SpA
Call centre in support of intermediaries and policyholders	Arca Inlinea Scarl	Arca Vita SpA
Design, implementation and management of computer applications	Arca Sistemi Scarl	Arca Vita SpA
Archiving of legally admissible optical documents	Arca Sistemi Scarl	Arca Vita SpA
Management of financial resources	UnipolSai Assicurazioni SpA	Arca Vita SpA
Personnel administration services	UnipolSai Assicurazioni SpA	Arca Vita SpA
Anti-money laundering and Anti-terrorism	UnipolSai Assicurazioni SpA	Arca Vita SpA
Key Functions	UnipolSai Assicurazioni SpA	Arca Vita SpA
Risk Management	UnipolSai Assicurazioni SpA	Arca Vita International DAC
Audit	UnipolSai Assicurazioni SpA	Arca Vita International DAC
Management of information systems	Arca Sistemi Scarl	Arca Vita International DAC
Management of financial resources	UnipolSai Assicurazioni SpA	BIM Vita SpA
Personnel administration	UnipolSai Assicurazioni SpA	BIM Vita SpA
Operational services	UnipolSai Assicurazioni SpA	BIM Vita SpA
Key Functions	UnipolSai Assicurazioni SpA	BIM Vita SpA
Personnel administration	UnipolSai Assicurazioni SpA	Incontra Assicurazioni SpA
Services for collection of claims reported, management and claim settlement	UnipolSai Assicurazioni SpA	Incontra Assicurazioni SpA
Operational services	UnipolSai Assicurazioni SpA	Incontra Assicurazioni SpA
Management of financial resources	UnipolSai Assicurazioni SpA	Incontra Assicurazione SpA
Key Functions	UnipolSai Assicurazioni SpA	Incontra Assicurazioni SpA
Car repair	UnipolService SpA	Compagnia Assicuratrice Linear SpA
Operational Services	UnipolSai Assicurazioni SpA	Compagnia Assicuratrice Linear SpA
Claims settlement	UnipolSai Assicurazioni SpA	Compagnia Assicuratrice Linear SpA
Finance	UnipolSai Assicurazioni SpA	Compagnia Assicuratrice Linear SpA
Personnel administration	UnipolSai Assicurazioni SpA	Compagnia Assicuratrice Linear SpA
Key Functions	UnipolSai Assicurazioni SpA	Compagnia Assicuratrice Linear SpA
Assistance claims settlement	UnipolAssistance Scarl	SIAT Società Italiana di Assicurazioni e Riassicurazioni per Azioni

Essential or important outsourced functions or activities	Provider	Provider's registered office
Personnel administration	UnipolSai Assicurazioni SpA	SIAT Società Italiana di Assicurazioni e Riassicurazioni per Azioni
Management of financial resources	UnipolSai Assicurazioni SpA	SIAT Società Italiana di Assicurazioni e Riassicurazioni per Azioni
Services for collection of claims reported, management and claim settlement	UnipolSai Assicurazioni SpA	SIAT Società Italiana di Assicurazioni e Riassicurazioni per Azioni
Operational Services	UnipolSai Assicurazioni SpA	SIAT Società Italiana di Assicurazioni e Riassicurazioni per Azioni
Real estate services: Operational management of sales and purchases - Property leasing - Projects - Tenders - Logistics - Facility Management - Equity management - Property	UnipolSai Assicurazioni SpA	SIAT Società Italiana di Assicurazioni e Riassicurazioni per Azioni
Key Functions	UnipolSai Assicurazioni SpA	SIAT Società Italiana di Assicurazioni e Riassicurazioni per Azioni
Actuarial Function Calculation	UnipolSai Assicurazioni SpA	SIAT Società Italiana di Assicurazioni e Riassicurazioni per Azioni
Management of financial resources	UnipolSai Assicurazioni SpA	UnipolRe DAC
Operational services	UnipolSai Assicurazioni SpA	UnipolRe DAC
Car repair	UnipolService SpA	UnipolSai Assicurazioni SpA
Technical assistance in negotiating and signing contracts - Portfolio management - Goods in Transit administr. management	SIAT Società Italiana di Assicurazioni e Riassicurazioni per Azioni	UnipolSai Assicurazioni SpA
Reinsurance Risk carrier and service provider	UnipolRe DAC	UnipolSai Assicurazioni SpA
Call centre for medical assistance, routing, reservations, claims management and settlement	UniSalute SpA	UnipolSai Assicurazioni SpA
Sales and after-sales assistance services	Arca Inlinea S.c.a.r.l.	UniSalute SpA
IT services	Arca Sistemi S.c.a.r.l.	UniSalute SpA
Finance	UnipolSai Assicurazioni SpA	UniSalute SpA
Personnel administration	UnipolSai Assicurazioni SpA	UniSalute SpA
Operational Services	UnipolSai Assicurazioni SpA	UniSalute SpA
Key Functions	UnipolSai Assicurazioni SpA	UniSalute SpA

B.8 Any other information

The Board has reviewed the suitability of the organisation, administrative and accounting structure and, in particular, of the Internal Control and Risk Management System of the Company and its main subsidiaries, also on the basis of regular reports of the General Manager, the Control and Risk Committee and the Key Functions.

There is no other significant information on the company's system of governance.

C

RISK PROFILE

C.1 Underwriting risk

Non-Life and Health Underwriting Risk

Non-Life and Health Underwriting Risk is represented, within the PIM, through the following risk sub-modules:

- Premium Risk: risk deriving from fluctuations concerning the timing, frequency and seriousness of insured events related to contracts in force at the date of evaluation or that will be underwritten in the year after the date of evaluation t ("next year"). It is assessed using the Standard Formula, based on the use of volatility parameters defined by the Regulator or specific to the Undertaking and expressed as a percentage of a volume measure. The measure of volume for Premium Risk is represented by an estimate of the premiums net of reinsurance that will accrue the year after the valuation date;
- Reserve Risk: risk deriving from fluctuations concerning the timing and amount of future payments for claims already made at the date of evaluation. It is assessed using the Standard Formula, based on the use of volatility parameters defined by the Regulator or specific to the Undertaking and expressed as a percentage of a volume measure. The measure of volume for Reserve Risk is represented by the best estimate of claims provisions net of reinsurance;
- Catastrophe Risk: risk of losses or unfavourable changes in the value of the insurance liabilities due to extreme or exceptional events. It is valued with an internal model for Earthquake Risk and with the Standard Formula for the remaining risks;
- Lapse Risk: risk of early extinction – on the initiative of the policyholder – of multi-year contracts. It is valued with the Standard Formula.

For the calculation of the capital requirement for the Premium and Reserve sub-modules using the Standard Formula, the specific parameters of the Group (Group Specific Parameters, or GSP) were used for the segments subject to specific authorisation by the supervisory authorities; the Market Wide parameters were used in all other cases. The authorisation concerns the following segments of the insurance and reinsurance obligations as specified in Annex II of the Delegated Regulation EU 2015/35, 10 October 2014:

- Segment 1: Proportional insurance and reinsurance on TPL resulting from the circulation of vehicles (Motor Vehicle Liability Insurance - MVL);
- Segment 4: Proportional insurance and reinsurance against fire and other damage to property (Fire and other damage to property insurance - FDP);
- Segment 5: Proportional insurance and reinsurance on general TPL (General Liability Insurance - GLI).

With the exception of Earthquake Risk, Catastrophe Risks are assessed with the Scenario Based method of the Standard Formula, as specified by the Delegated Regulation of the Solvency II regulations. The Partial Internal Model for the evaluation of Earthquake Catastrophe Risk consists of three different calculation modules:

- "Hazard": assesses the uncertainty associated with the possibility of an earthquake occurring in a given area (frequency) and the uncertainty relating to its magnitude (intensity);
- "Vulnerability": assesses the seismic vulnerability of different types of insurable assets to a seismic event of a given intensity;
- "Financial": identifies the economic loss to the insurance Company (in terms of deductibles, the sum insured, reinsurance cover, etc.).

Surrender risk is assessed using the method specified by the current legal and regulatory provisions, based on a scenario of loss of a part of the multi-year policy portfolio with positive expected profit.

The Partial Internal Model configuration for the Non-Life and Health risk modules of the Unipol Group envisages the production of the probability distribution function (PDF) of the aggregated loss of the two modules based on the results produced by the Standard Formula (GSP if applicable) for the Premium and Reserve, Lapse and Catastrophe sub-modules – all perils with the exception of Earthquake – and by the Internal Model for the Earthquake Catastrophe risk.
The following table provides volume measures for Non-Life and Health Premium and Reserve Risk. The data are reported for each LoB in which the Group operates.

Volume measure for Non-Life and Health premium and reserve risk

Amounts in €k	Volume measure and premium risk	% on total	Volume measure and reserving risk	% on total
Motor vehicle liability insurance	3,126,525	33.8%	4,053,998	47.5%
Fire and other damage to property insurance	1,543,173	16.7%	830,630	9.7%
General Liability Insurance	854,081	9.2%	1,992,733	23.4%
Total LOB GSP	**5,523,779**	**59.8%**	**6,877,360**	**80.7%**
Other motor insurance	987,833	10.7%	213,688	2.5%
Marine, aviation and transport insurance	67,897	0.7%	95,144	1.1%
Credit and suretyship insurance	49,131	0.5%	125,980	1.5%
Legal expenses insurance	34,550	0.4%	30,432	0.4%
Assistance	252,358	2.7%	43,484	0.5%
Miscellaneous financial loss	112,388	1.2%	38,088	0.4%
Non-proportional property reinsurance accepted	10,914	0.1%	130,104	1.5%
Non-proportional casualty reinsurance accepted	104,673	1.1%	249,245	2.9%
Non-proportional marine, aviation and transport reinsurance	7	0.0%	1,561	0.0%
Income protection insurance	837,177	9.1%	345,114	4.0%
Medical expense insurance	1,255,947	13.6%	374,491	4.4%
Non-proportional health reinsurance accepted	614	0.0%	1,536	0.0%
Total	**9,237,270**	**100.0%**	**8,526,226**	**100.0%**

In the period subject to analysis, no substantial changes were made to the measures used to assess risks.

The SCR of the Non-Life and Health Underwriting risk module for the Group calculated with the Partial Internal Model, using GSP parameters at 31 December 2022, was equal to €2,221,120k. With respect to the solvency requirement at 31 December 2021, there was a change of +€151,091k. This variation is generated by the change in volumes between FY2021 and FY2022 and the update in GSP parameters.

Non-Life and Health SCR with PIM use

Amounts in €k

Risk sub-module	2022	2021	Change on 2021
Non-Life	**2,182,704**	**2,024,920**	**157,784**
Non-Life premium and reserve	*1,686,921*	*1,611,828*	*75,093*
Non-Life surrender	*39,656*	*35,740*	*3,917*
Non-Life CAT	*820,236*	*629,172*	*191,064*
Health	**471,504**	**472,558**	**(1,055)**
Total Non-Life and Health SCR	**2,221,120**	**2,070,029**	**151,091**

Concentration of risks
According to the provisions of Chapter III of IVASS Regulation No. 30 of 26 October 2016, risk concentrations are assessed at the Group level and measured in line with what is set forth within the specific policy approved by the Board of Directors of the Parent Company Unipol Gruppo SpA. This policy envisages that the concentration of Non-Life and Health underwriting risks is measured with respect to:

- insurance liabilities in financial statements:
    - values of provision for individual claim;
- contingent liabilities outside the financial statements:
    - natural catastrophe exposures[18] grouped by risk factor and appropriate territorial clusters;
    - exposures by risk or policy on individual insured party or group of related parties;
    - exposures for the Bond class grouped by sector.

With reference to 31 December 2022, the Group's risk portfolio has significant risk concentrations in relation to exposure to the natural disasters of earthquakes, floods and hail, several Bond class sectors and certain exposures for individual insured counterparties. Reinsurance and other risk transfer techniques are the main tools used by the Group to mitigate the exposures or the concentration of exposures that could lead to a divergence of the current risk profile from the one desired.

Risk mitigation techniques
The Group uses outwards reinsurance as a risk mitigation technique.
With regard to the Premium and Reserve risks, the calculation of the capital requirement at 31 December 2022 was carried out by taking into account the outwards reinsurance agreements, both for their effect on the measures of volume and, if appropriate, for their impact on the GSP estimates, as specified by legal and regulatory provisions.

For the calculation of the capital requirement at 31 December 2022 for the Catastrophe Risk sub-module using the Standard Formula, the outwards reinsurance agreements were applied in line with the provisions of IVASS Regulation No. 31, 9 November 2016. For the calculation of the capital requirement for Earthquake Risk using the Internal Model, the outwards reinsurance agreements were applied in line with legal and regulatory provisions and integrated with the other secondary risk sub-modules.

Life Underwriting Risks

The underwriting risk for Life insurance represents the risk deriving from Life insurance commitments, keeping into account the perils covered and the procedures used in the exercise of the activity.

The Life portfolio of the Unipol Group consists mostly of revaluable products, related to the financial returns of the Segregated Funds (LoB1).
The table below shows the details of the composition of the portfolio in terms of Best Estimate of Life liabilities.

Life portfolio at 31 December 2022

Amounts in €k

Best Estimate of Liabilities (BEL)	Amount at 31/12/2022
Insurance with profit participation	32,638,378
Index-linked and unit-linked insurance	8,508,524
Other life insurance	(110,112)
Indirect business	1,987
Total	**41,038,776**

The table above also includes the Best Estimate Liabilities relating to the foreign subsidiaries, for €469,617k, and the Best Estimates relating to the RFFs, amounting to €860,377k.
The portfolio of the Group is exposed to the following risk factors:

[18] Considered significant on the basis of the analysis of the portfolio risks of the Group.

- mortality risk: associated with an unfavourable change in demographic bases resulting from experience (higher death rate) compared to those used in determining the tariff;
- longevity risk: associated with an unfavourable change in demographic bases resulting from experience (lower death rate) compared to those used in determining the tariff;
- surrender risk: associated with adverse changes in the level or volatility of the incidence of surrenders, withdrawals, early settlements and terminations in premium payments;
- expense risk: associated with adverse changes in the value of expense relating to policies compared to the values used to determine the tariff;
- catastrophe risk: deriving from an unforeseeable event, the consequence of which is to affect multiple individuals at the same time, generating a number of claims for amounts significantly higher than expected.

The Unipol Group was authorised to use the Internal Model to calculate the following risk factors:
- mortality/longevity risk;
- surrender risk;
- expense risk.

Catastrophe risk and the Class D component of the Life portfolio (Index Linked, Unit Linked and Pension Funds) are instead assessed with the Standard Formula.

In the period subject to analysis, no substantial changes were made to the Life Underwriting risk module.

With reference to the years ended 31 December 2022 and 31 December 2021, below we provide a breakdown for the individual SCR sub-modules of the Underwriting risk.

Life SCR partial internal model

Amounts in €k

Risk sub-module	2022	2021	Change on 2021
Mortality/Longevity	*86,087*	*103,062*	*(16,974)*
Disability			
Surrender	*369,365*	*159,486*	*209,879*
Life expenses	*170,597*	*190,420*	*(19,823)*
Revision			
Life catastrophe	*48,539*	*41,984*	*6,555*
Life SCR Remaining part	473,894	352,974	120,920
SCR Ring Fenced Fund	17,303	18,162	(858)
Life SCR	491,197	371,135	120,062

Please note that the Life Underwriting risk SCR is represented, in line with the attached QRT S.25.02.22, net of the Conservative Margin defined by the Supervisory Authority on the surrender risk sub-module.

The data show that the main sources of risk are represented by surrender and expenses: the SCRs relating to surrender risk and expense risk indeed represent 55% and 25% respectively of the non-diversified Life Underwriting risk.

Compared to 31 December 2021, there was an increase in the solvency requirement at 31 December 2022 of approximately €120,062k, mainly due to the high level of interest rates recorded at 31 December 2022, which led to an increase in surrender risk. In particular, the increase in interest rates resulted in an increase in the profitability of the Group portfolio, with a resulting increase in the loss deriving from a scenario of rising surrender frequencies.

Concentration of risks
According to the provisions of Chapter III of IVASS Regulation No. 30, 26 October 2016, risk concentrations are assessed at Group level. Each Company contributes to the significant risk concentrations observed at the Group level through its insurance liabilities.
With reference to risk concentrations, special attention is paid to surrender and mortality risks.

In general, the Group aims to mitigate the concentration of its exposure to surrender risk by limiting contracts entered into for significant amounts with the same policyholder. This guideline is followed in general individual and corporate product placement activities, and in particular with reference to capitalisation contracts linked to segregated funds. If the policyholder represents multiple parties (such as a Pension Fund) and even more so if the investment risk is borne by those insured (LoB 2), specific assessments are performed on a case by case basis considering the lower probability of the simultaneous surrender of the entire group of participants and thus the lower impact of surrender risk.

With regard to mortality risk, reinsurance and other risk transfer techniques are the main tools used by each Company to mitigate the exposures or the concentration of exposures that could lead to a divergence of the current risk profile from the one desired.

Note that when determining the Risk Appetite levels, Life Underwriting Risks are measured in terms of capital at risk. Notably, the capital at Life Underwriting Risk takes into account all risks and all exposures related to the Life portfolio, including those exposures classified as being at risk of concentration.

Risk mitigation techniques

Mitigation actions may be taken through reinsurance, with the transfer of a portion of mortality risk.

C.2 Market risk

Market risk refers to all risks which have the effect of diminishing investments of a financial or real estate nature as a result of adverse trends in the relevant market variables.

With the Internal Model it is possible to calculate the value of the capital needed to absorb the maximum potential loss while maintaining the solvency of the Group.

Pursuant to Solvency II guidelines, the amount of the potential loss is measured in terms of Value at Risk (VaR), understood as the maximum potential loss that the company may incur over a given time horizon, with a given confidence interval. The internal model takes as time horizon a period equal to one year and a confidence interval equal to 99.5%.

The Market Risk classes identified are the following:

- Interest rate risk: the risk of a potential adverse change in the net asset value due to a change in the term structure of interest rates;
- Interest rates volatility risk: the risk of a potential adverse change in the net asset value due to a change in the volatility of interest rates;
- Equity risk: the risk of a potential adverse change in the net asset value due to changes in stock market prices;
- Equity volatility risk: the risk of a potential adverse change in the net asset value due to changes in the volatility of equities;
- Exchange rate risk: the risk of a potential adverse change in the net asset value due to changes in the value or the volatility of exchange rates;
- Spread risk: the risk of a potential adverse change in the net asset value due to changes in the value of the credit spread with respect to the risk-free curve;
- Yield risk: the risk of a potential adverse change in the net asset value due to joint changes in the value of the credit spread and the risk-free rates;
- Property risk: the risk of a potential adverse change in the net asset value due to changes in the value of the land, buildings and corresponding rights, direct and indirect participations in real estate companies, as well as instrumental property used for insurance activities and investment funds the components of which may be considered equivalent to the categories previously described;
- Concentration risk: the additional risk deriving from a limited diversification of the financial asset portfolio, or a high exposure to the default of a single issuer.

The Unipol Group was authorised to use the Internal Model to calculate the capital requirement for the following risk factors:

- Interest rate risk;

- Interest rates volatility risk;
- Equity risk;
- Equity volatility risk;
- Exchange rate risk;
- Spread risk;
- Yield risk[19];
- Property risk.

Concentration Risk and Market Risk for index linked and unit linked policy portfolios and pension funds are instead assessed with the Standard Formula.

These risk classes make possible an appropriate representation of the measurement of the maximum loss and the trend of the profits and losses on the investment portfolio according to the investment classes specified by the Group Investment Policy.

The Group Investment Policy defines the investment activity on all the assets of the company included in the perimeter, according to the nature, magnitude and complexity of the risks characterising the corporate activities, in line with the principles of prudent management. It takes into account, on one hand, the risk appetite and the possibility to identify, measure, monitor and manage the risks related to each asset type without relying only on the fact that the risks are correctly considered in the capital requirements and, on the other, the characteristics and the nature of the liabilities, the cash flows matching requirements and the control of the investment margins.

The table below shows the Group's financial portfolio composition at 31 December 2022; this representation is consistent with that of the QRT S.02.01.02 attached to this report and indicates the relevant exposures for the purpose of calculating Market Risk.

The financial portfolio at 31 December 2022 consisted for 73.1% of bonds and, in particular, 46.9% of financial assets consisted of government bonds.

Composition of the financial portfolio

Amounts in €k	Solvency II value 2022	Exposure % on total PTF
Property, plant & equipement held for own use	2,845,454	5.2%
Property (other than for own use)	2,739,459	5.0%
Holdings in related undertakings, including participations	2,496,122	4.6%
Equities	2,083,558	3.8%
Equities - listed	*1,810,980*	*3.3%*
Equities - unlisted	*272,578*	*0.5%*
Bonds	39,805,921	73.1%
Government Bonds	*25,512,575*	*46.9%*
Corporate Bonds	*14,058,901*	*25.8%*
Structured notes	*234,445*	*0.4%*
Collateralised securities		*0.0%*
Collective Investments Undertakings	4,135,202	7.6%
Derivatives	274,033	0.5%
Deposits other than cash and cash equivalents	52,039	0.1%
Total portfolio	**54,431,787**	**100.0%**

The table above also includes the assets relating to the foreign subsidiaries for an amount of €1,386,330k.

[19] The Market internal model generates joint distributions for the returns on financial and industrial securities, the returns on government bonds and the risk free curve. The spread risk is obtained on the basis of a marginal distribution of the spread of financial and corporate securities not significant for the purposes of the calculation of the Market VaR.

The value of the Class D portfolio, consisting of assets relating to Unit-linked and Index-linked policies consistently with the calculation perimeter of the Market SCR remaining part, came to €7,904,558k at 31 December 2022. This value is not included in the table above.

All assets, in particular those set against the minimum capital requirement and the Solvency Capital Requirement, are invested in a way to ensure the safety, quality, liquidity and profitability of the portfolio as a whole.

The strategic investment policy, defined in the Group Investment Policy, identifies the investment activity on all the assets of the company included in the perimeter, according to the nature, magnitude and complexity of the risks characterising the corporate activities, in line with the principles of prudent management. It takes into account, on one hand, the risk appetite and the possibility to identify, measure, monitor and manage the risks related to each asset type without relying only on the fact that the risks are correctly considered in the capital requirements and, on the other, the characteristics and the nature of the liabilities, the cash flows matching requirements and the control of the investment margins. Given the above, the strategic investment policy establishes, for each company and as a result for the Group as a whole, the strategic medium/long-term composition of the investment portfolios, defining limits on investments by individual company and specific limits at consolidated level for each source of significant risk for the Group, providing for an adequate diversification and spread of assets so as to guarantee the continuous availability of sufficient assets to cover liabilities, as well as the security, quality, liquidity and profitability of the portfolio as a whole, taking into account, for investments concerning the Life business, the reasonable expected returns of policyholders, compatible with the types of policies taken out, with the minimum level of return and with the minimum level of security that the Companies intend to guarantee, as well as what is laid out in contractual regulations.
The strategic investment policy is also adopted taking into account the fact that the assets covering the technical provisions must be adequate in relation to the nature of the risks and obligations assumed and the duration of the liabilities, in the best interest of all policyholders, the insured, the beneficiaries and those entitled to insurance benefits, while observing the supervisory provisions on the coverage of technical provisions. The underlying principles of the strategic investment policy are:

- general principles of security, quality, liquidity, profitability and availability of the entire asset portfolio, taking into account the liabilities held;
- evaluation of risk appetite, risk tolerance levels and the possibility to identify, measure, monitor and manage risks connected to each asset type;
- Strategic Asset Allocation which ensures the achievement of the targets pursued by the integrated asset and liability management and the liquidity and concentration risk management policies as well as return objectives;
- definition of investment selection and management criteria in the best interest of the policyholders and beneficiaries, and those entitled to insurance benefits, including if there is a conflict of interests, taking into account the financial market environment.

Given the composition of the financial portfolio, we provide below the SCR figures calculated with the Internal Model for the year ended 31 December 2022 and a comparison with the capital requirement relating to 31 December 2021.

Market SCR partial internal model

Amounts in €k

Risk sub-module	Market SCR 2022	Market SCR 2021	Change on 2021
Interest Rate	495,177	557,690	(62,513)
Equity	1,511,085	1,467,864	43,220
Property	633,339	575,956	57,383
Spread	1,501,223	2,076,596	(575,373)
Exchange	18,399	37,472	(19,073)
Concentration	-	-	-
SCR Market Remaining part	2,810,029	2,860,867	(50,837)
SCR Ring Fenced Fund	36,339	55,565	(19,226)
Market SCR	2,846,368	2,916,432	(70,064)

With respect to the solvency requirement at 31 December 2021, there was a -€50,837k change in the Market SCR Remaining part, primarily due to the decrease in the Spread module, due to i) the reduction in the market value of the Corporate portfolio and ii) lower relative risk of the portfolio.

More specifically, Market Risk mainly depends on Spread Risk and Equity Risk, which are the sub-modules with the greater incidence on total Market Risk. The spread risk is obtained on the basis of a marginal distribution of the spreads of financial and corporate securities. This distribution is not significant for the purposes of the calculation of the Market VaR given that the Market Internal Model generates joint distributions of risk-free rates and spreads as regards financial and corporate securities.

Concentration of risks

According to the provisions of Chapter III of IVASS Regulation No. 30, 26 October 2016, risk concentrations are assessed at Group level.

The risk concentration policy of the Group defines a "Limit of concentration on investments and loans" which, as well as loans and receivables, also includes any exposure in equity or debt securities. The concentrations are recognised mainly at the level of counterparty or group of related counterparties, sector, geographic area and currency.

Risk mitigation techniques

To mitigate Market Risk, the Group has set up a series of controls to ensure that the risk mitigation techniques maintain their effectiveness. Specifically, monthly tests are carried out to assess the effectiveness of the derivative hedges taken out. In order to mitigate current or future risk not in line with the risk objectives specified, financial transactions to mitigate the risks may be carried out. These mitigation transactions are carried out on the derivative markets. The objectives of the use of derivatives are:

- to reduce the risk of the investment;
- to achieve an effective portfolio management by improving the level of quality, safety, liquidity or profitability of the portfolio without significant reduction for any of these characteristics.

These transactions do not have speculative purposes; short selling is not allowed.

Moreover, the Investment Policy specifies Market Risk limits and Sensitivity limits.

With regard to Market Risk limits, a warning threshold is specified for the Companies, keeping into account the resolutions taken by the respective Administrative Bodies on Risk Appetite and in particular the economic capital component allocated by the Parent Company and by the individual companies to Market Risk.

This warning threshold is set equal to 95% of the Risk Appetite specified for Market Risk (total Value at Risk per individual Company, with 99.5% confidence interval and a holding period equal to 1 year).

With regard to Sensitivity limits, the following limits related to the sensitivity of the financial asset portfolios for different risk factors are specified:

a) for widening of the credit spreads of +100 bps;
b) for change in equity prices of -45%.

C.3 Credit risk

Credit risk (Counterparty Default Risk) identifies the risk that a borrower or an enforced guarantor may fail to meet, fully or in part, his monetary obligations towards the Group. Credit risk reflects, therefore, the likely loss generated by an unexpected default of the counterparties and the debtors of the insurance and reinsurance companies in the Group in the next 12 months.

The Group was authorised to use the Internal Model to calculate Credit Risk. The methodological system adopted to assess default risk is represented by CreditRisk+. The model produces a closed analytical formula, which describes the entire loss distribution. This allows to identify the VaR measure at a confidence level and time horizon consistent with the calibration standards agreed for the Internal Model.

The types of exposures relevant to the quantification of Counterparty Default Risk with the internal model are the following:

- Exposures to Banks: this category includes short-term liquidity deposits and the exposures against OTC derivative hedges;
- Exposures to Reinsurers: this category includes receivables resulting from current account balances and the potential receivables represented by the provisions due by the Reinsurers (net of the deposits received);
- Exposures to Insurance Companies: this category includes receivables from insurance companies for co-insurance relations and other receivables from insurance companies;
- Exposures to Intermediaries: this category includes receivables from agencies and brokers and mainly consist of the decadi (payment of premiums collected) to be transferred to the company;
- Exposures to Policyholders: this category includes receivables for premiums not yet collected against contracts underwritten for settlement of premiums to be settled and for late premiums, as well as disputed receivables;
- Exposures to other counterparties duly identified, or exposures for which there is sufficient information to estimate the risk.

The following types of exposure are instead assessed using the Standard Formula:

- Loans: this category includes loans to employees, agencies and loans on Life policies;
- Deductibles: this category includes amounts to be recovered and deductibles from policyholders;
- Other Receivables: this category includes all receivables not already included in the previous categories.

Credit SCR - Exposure

Amounts in €k

Exposure type	Exposure 2022	Total PTF %
Internal Model (IM)	5,778,638	87.5%
Standard Formula (STDF)	827,396	12.5%
Total	**6,606,034**	**100.0%**

In the period subject to analysis, no substantial changes were made to the measures used to assess risks. We provide below the value of the Solvency Capital Requirement for Credit Risk for the year ended 31 December 2022 and the comparison with the value for the year ended 31 December 2021, with a breakdown for the types of exposure covered by the Internal Model and those covered by the Standard Formula.

Credit SCR Partial Internal Model

Amounts in €k

Exposure type	SCR 2022	SCR 2021	Change on 2021
Internal Model (IM)	258,071	251,462	6,609
Standard Formula (STDF)	125,357	76,493	48,864
Credit SCR	**383,428**	**327,956**	**55,473**

The Internal Model assesses the exposures using risk parameters derived from market information, for listed counterparties, or calibrated on historical data of the Company (exposures to Intermediaries and Policyholders). The exposures valued with the Standard Formula are instead calculated using the weights provided by the Delegated Regulation (EU) 2015/35. The total requirement is calculated by adding the two SCR components calculated separately, making a prudential assumption of full correlation of the risks assessed through the two different procedures.

The higher capital requirement at 31 December 2022 mainly derives from the increase in exposures valued using the Standard Formula approach (excluded from the Internal Model).

Concentration of risks

According to the provisions of Chapter III of IVASS Regulation No. 30, 26 October 2016, risk concentrations are assessed at Group level.

With regard to the management of Credit Risk, the Group has been applying limits based on both operational exposures (deposits and receivables from Insurance and Reinsurance companies) and financial exposures in securities or derivatives to counterparties or groups of counterparties (as well as traditional limits by individual name and risk category). These limits are monitored on an ongoing basis through a process that involves both operating committees and the administrative body.

Moreover, the Credit Risk assumption practices, defined in specific policies (the Group Credit Policy and the Group Reinsurance and Other Risk Mitigation Techniques Policy), set limits on the assumption of risk towards counterparties with an inadequate credit rating: this credit rating is assessed and constantly monitored, using both external indicators (e.g. market rating or parameters) and indicators specified internally (parameters used also for Partial Internal Model purposes).
With regard to risk concentrations, the individual Companies must comply with the management principles specified in the Risk Concentration Policy. In addition, with specific reference to exposures for outwards reinsurance relations with counterparties, the "Group Reinsurance and Other Risk Mitigation Techniques Policy" - containing guidelines for managing reinsurance and additional risk mitigation techniques - defines concentration limits on said exposures for the Companies and for the Group.

The Risk Concentration Policy sets the “Concentration limit on investments and receivables”, which includes, for each counterparty or group of related parties, in addition to loans and receivables, any exposure to equity or debt securities. The concentrations are recognised mainly at the level of counterparty or group of related counterparties, sector, geographic area and currency. At 31 December 2022, the Group was mainly exposed to counterparties operating in the financial sector and that exposure consisted primarily of liquidity deposited with banks and exposure to reinsurers.

Risk mitigation techniques

The risk mitigation techniques adopted to mitigate the exposures to Credit Risk are the following:

- *exposures towards reinsurers:* deposits with the Group Companies for the risks ceded and retroceded that are generally moved (placed and repaid) annually or half-yearly. Their duration largely depends on the specific nature of the underlying insurance benefits and on the actual duration of the reinsurance agreements, which are renegotiated at the end of each year. For exposures to reinsurers the Group also makes use of a limited number of guarantees consisting mainly of Letters of credit and Securities. The reinsurance agreements are also subject to downgrade clauses, which specify the obligation to provide additional guarantees if the counterparty fails to meet the minimum credit rating requirements set in the "Group Reinsurance and Other Risk Mitigation Techniques Policy";
- *exposures in derivatives*: derivative contracts are taken out with counterparties subject to ISDA contracts with corresponding Credit Support Annex, which specify the full collateralisation of the Mark to Market exposures;
- *exposures towards intermediaries*: portfolio indemnities are the main form of mitigation for exposures towards agencies. These are in fact amounts due to the terminated agent in the case of termination of the relation with the Group Companies (for the broker category, indemnities are specified exclusively at the level of CONSAP fund). The right of the Companies to offset the indemnity due to the terminated agencies against any debit balance is recognised in Art. 34 of A.N.A. Moreover, Par. 4 deals with the case of withdrawal for just cause. The indemnity is therefore used as form of mitigation of the risk to reduce exposure.

C.4 Liquidity risk

Liquidity risk is the risk of not having the cash needed to meet the commitments taken, on and off-balance sheet, without incurring financial losses deriving from forced sale of assets in the case of adverse developments.

In order to assess the liquidity profile of the Group and its ability to meet commitments without incurring significant losses, also under stressed conditions, specific analyses are carried out; these analyses include the calculation of the liquidity gap between the cash outflows and the cash inflows on maturities up to 12 months, of the cumulated liquidity gap and the liquidity buffer, which includes any contingency instrument, both in normal conditions and in scenarios of stress of the technical variables.

Expected profits in future premiums
The total amount of the expected profits in future premiums calculated pursuant to Art. 260, paragraph 2 of the Delegated Regulation (EU) 2015/35 was equal to €672,012k for the Life business and €174,052k for the Non-Life business.

C.5 Operational Risk

Operational Risk is the risk of losses deriving from the inadequacy or malfunctioning of processes, human resources and internal systems, or from external events such as fraud or service providers' activity. Operational Risk includes, from the point of view of the identification and the quantitative evaluation, legal risk, compliance risk (non-compliance with laws and regulations) and IT risk, while it does not include strategic and reputational risk.

The operational risk management system is also applied by the Parent Company using risk-based assessments to the unregulated Subsidiaries included within the scope of additional supervision.

As an integral part of the Internal Control and Risk Management System, the risk management system for Operational Risk contributes to the achievement of the following high-level targets:
- to preserve the assets of the Group and the individual companies in it, ensuring that the exposure to operational risk is consistent with the Risk Appetite specified;
- to improve the overall efficiency of the processes of the Group ensuring that Operational Risk is identified, measured, controlled and managed according to methodologies specified and consistent within the Group.

The Group calculates the capital requirement for Operational Risk by using the Standard Formula specified in Delegated Regulation (EU) 2015/35.

In the period subject to analysis, no substantial changes were made to the measures used to assess risks.

We provide below the capital requirement for Operational Risk calculated by using the Standard Formula for 2022 and the comparison with the SCR relating to 31 December 2021.

Operational SCR standard formula

Amounts in €k

Risk module	Operational SCR 2022	Operational SCR 2021	Change on 2021
Operatinal SCR Remaining part	481,240	525,421	(44,181)
SCR Ring Fenced Fund	66	88	(22)
Operational SCR	481,306	525,509	(44,203)

With respect to the solvency requirement at 31 December 2021, there was a change of -€44,181k in the Operational SCR Remaining part, primarily due to the decline in the value of best estimates.

The identification of Operational Risk is based on the collection of information on potential or historical events from all significant sources of information, consistently classified, to represent and feed on an ongoing basis a global Operational Risk database.

The activity of identification consists in the collection of the largest information set possible on the risk event and its possible cause and effects, to increase the knowledge of the specific exposure of the different corporate areas. In addition, this activity also aims to assess the adequacy of controls and identify the best management solutions for any critical situations.

The collection of business expert opinions, through the RSA (Risk Self Assessment), takes place through interviews of process managers carried out to identify and assess the potential Operational Risk events that may occur within a process, as well as to obtain an assessment of the suitability of the system of controls and identify the best management solutions to any issue identified.

The information gathered through the RSA includes an estimate of the possible financial impact of the risk event and an estimate of the relative expected frequency of occurrence on an annual basis. This estimate also takes into account any historical Operational Risk event that actually occurred, with the corresponding loss incurred.

The information gathered on the Operational Risk events is classified using the cause - event - effect framework, to provide a truthful description of the chain of events that have produced the financial impact from the risk event.

The stages in which the activities of identification of the Operational Risk may be divided may be summarised as follows:

- analysis of the processes, verification of applicable laws and regulations and collection of the information deriving from previous analyses or analysis carried out by the control functions;
- identification of the possible Operational Risk events, possible causes and controls in place;
- verification of the completeness of the analysis with respect to the Event Type model[20];
- validation of the data gathered and control of the quality of the analysis carried out.

Within Operational Risk, a significant risk is continuity risk, or defined as the risk of a suspension of corporate processes, as a result of disaster.

For this purpose, the Group has acquired a Business Continuity Policy, which sets guidelines on business continuity, to reduce to a minimum the impact of disaster events on the significant services, whether resulting from events at sector, corporate, local or global level (Business Continuity Management System).

Within Operational risk, IT risk is also relevant (also referred to as Cyber Risk), or the risk that the various functions, activities, products and services, including third-party interconnections and dependencies, may incur in relation to the undue acquisition and transfer of data, their modification or unlawful destruction, or damages, destruction or obstacles imposed on the proper functioning of the networks and IT systems or their constituent elements.

To manage IT risk, the Group has an Information security policy which defines the guidelines on information security, particularly with regard to the protection of information processed through IT systems. This Policy, drafted in compliance with regulations in force, sector supervisory guidelines and with reference to international standards, is disclosed and made available by the Parent Company and the Companies in scope to all personnel concerned through adequate communication channels.

The Group also employs an IT risk analysis methodology, with the objectives of i) raising awareness of the level of risk undertaken by the company in the IT domain, ii) establishing a reference organisational and methodological framework for governing IT risks and iii) supporting the management with decisions related to risk governance as part of the risk appetite expressed by the Boards of Directors of the Group companies.

[20] The Event Type model consists of a classification of risk events based on the banking perimeter model specified by Basel II.

C.6 Other material risks

With regard to the other risk categories, the Group identifies as material the following categories of risk:

- Emerging risks, strategic risk and reputational risk: with regard to emerging risks, strategic risk and reputational risk, within the dedicated structure present within the Chief Risk Officer function, a dedicated Observatory was created at Group level, called "Reputational & Emerging Risk Observatory", whose key elements are the involvement of an interfunctional Technical Panel and of all the main Business Departments, the use of a consolidated predictive model and methodologies based on futures studies to ensure a forward-looking view of the medium/long-term in order to anticipate the risks and future opportunities, and a holistic approach aimed at grasping and governing the interconnections, both in reading the external context for an integrated vision of the different emerging macro trends (social, technological, political and environmental) and in the internal response for a unified view of the different corporate areas and of the different steps of the value chain.
  The purpose of the Observatory is to assure effective monitoring of emerging risks, strategic risk and reputational risk, verifying the constant alignment between stakeholders' expectations and the Group's responses and anticipating the most significant phenomena to catch new business opportunities and prepare to handle potential emerging risks.
  Strategic risk is controlled at Group level through the monitoring of Strategic Plan drivers to verify any deviation from the defined scenarios, also using long-term scenario analysis with the aim of strengthening the resilience of Group strategy in an external context characterised by accelerating change, with growing levels of complexity and uncertainty.
  With specific reference to the reputational risk, within the frame of the Observatory, a Reputation Management framework was developed at the Group level, which operates in the dual mode of construction and protection of the reputational capital, through two work sites that rely on dedicated corporate competencies and structures in a path of constant mutual alignment, under the joint leadership of the "Corporate Communication and Media Relations Department" and the "Chief Risk Officer", with the goal of stably integrating these assets in the strategic planning processes.
  The level of awareness reached within the Group on the growing importance of reputation as leverage for business and distinctive market positioning in 2019 led to the definition of an integrated governance model for Reputation, operational from 2020, which envisages the set-up of corporate bodies dedicated to the proactive management of the Group's reputation in terms of both building and protection, such as the Operational Reputation Management Team and the Reputation Network, and the launch of a widespread system for reporting reputational warnings involving all the Group managers.
- Environmental, Social and Governance (ESG) Risks: ESG risks are those risks deriving from ESG factors, linked to environmental, social and governance issues which are material for the Group and its stakeholders. As part of the ERM Framework, the Group identifies and monitors the ESG risk factors at the level of impact on underwriting risks, in association with investment-related risks, with a view to focusing on risks emerging on environmental, social and governance aspects and in terms of potential impact at reputational risk level. ESG risk monitoring is outlined in the individual risk categories, in such a way as to ensure management at all stages of the value creation process and mitigating any reputational risks associated with ESG risks as they arise. These controls, also designed to prevent exposure concentration to areas and/or sectors significantly exposed to ESG risks, are defined in the management Policies for each risk category, where material.
  Starting from 2020, ESG risks were integrated within the Group Risk Appetite Statement.
  Particularly with regard to climate risks, the Group has mapped the risks and opportunities in accordance with the taxonomy defined by the Task Force on Climate-related Financial Disclosure. This map covers the various stages of the value chain and includes both physical and transitional risks. Stress scenarios linked to the impact of climate change were also integrated within the Group framework. The impact analysis of climate change on physical risks in the ORSA Report is divided into three levels: (1) near-term analysis and (2) mid-term and long-term analysis for the most significant acute physical risks (flood and convective storms), (3) long-term analysis for chronic risks (sea level rise) and acute risks today considered secondary perils (wildfires, drought). While in relation to the assessment of climate change impact on transition risks, the Group quantifies the losses in value of financial investments, in reference to the different asset classes (bonds, shares, funds, etc.), originating from the shocks, segmented by business sector (NACE) and calibrated on the basis of scenarios outlined by the Network for Greening the Financial System (NGFS).
- Risk of inclusion in a Group: the risk related to the inclusion in a Group, or "contagion" risk, understood as the risk that, because of the relations of the company with the other companies of the Group, difficulties for

one of these companies may have negative effects on the solvency of the company itself; it also includes the risk of conflict of interest. This risk is controlled at the Group level through the policies and procedures that regulate the execution of the transactions with "related" parties, pursuant to the current regulations issued by the supervisory authorities of the sector.

- Compliance Risk: the risk of judicial or administrative sanctions, losses or reputational damages resulting from a failure to observe external laws and regulations or internal regulations such as By-Laws, codes of conduct or corporate governance codes; also risk of unfavourable developments in the legislative framework or case law decisions. The Compliance Function assesses the suitability of the organisation and the internal procedures for the prevention of this risk and sets its level.

C.7 Any other information

C.7.1 Sensitivity analysis

To monitor the sensitivity to risk factors and important events, the Group carried out some sensitivity analyses. Sensitivity analyses on the main economic-financial factors of interest are carried out at least once a year and allow the Group to assess the impact on its Solvency Ratio and Solvency Capital Requirement of changes in the main risk factors to which it is exposed.
We list below the sensitivity analyses carried out, with their description and the results of the analyses in question. The analyses take, as Base Scenario, the capital adequacy and the solvency capital requirement calculated according to the regulatory model adopted by the Group.

Sensitivities

Description	Impact with respect to central scenario	Impact on Solvency II Ratio
Shift upward of the interest yield curve	interest rate: +100 bps	7 p.p.
Shift downward of the interest yield curve	interest rate: -100 bps	-5 p.p.
Shock on credit spread – corporate bonds	industrial and financial credit spreads: +100 bps	1 p.p.
Shock on equity market	equity market value: -20%	-4 p.p.
Shock on property market	real estate market value: -15%	-9 p.p.
Sensitivity on Italian Government spread	Italian Government spread: +100 bps	-4 p.p.

Interest rates curve sensitivity analysis
To analyse the impact of a (upward/downward) shock to the yield curve, two sensitivity analyses were carried out on the dynamics of the interest rates curve, more precisely, two single financial factor analyses assessing the impact of an upward and downward parallel shift of the entire yield curve (Euro, Serbia, and rest of the world), a shift respectively equal to +100 bps and -100 bps.

The +100 bps increase in interest rates resulted in an increase of +7 p.p. in the Solvency II ratio.

The -100 bps decrease in interest rates resulted in a reduction of -5 p.p. in the Solvency II ratio.

Sensitivity on credit spread
To analyse the impact of a shock to the spread, a sensitivity analysis is carried out, by assessing the increase in all industrial and financial credit spreads, for all rating classes, all issuers in the portfolio and all rankings (senior and sub), equal to +100 bps.
For the purposes of the calculation of the sensitivity in question, we estimated the value of the Volatility Adjustment following the shock to the spreads, which had a value of 44 bps.

The +100 bps increase in industrial and financial credit spreads resulted in an increase of +1 p.p. in the Solvency II ratio.

Equity market sensitivity analysis
To analyse the impact of a shock to equity market prices, a single financial factor sensitivity analysis was carried out, assessing the impact of a downward shock to share prices equal to -20%.

The decline of -20% in the value of the equity market resulted in a decrease of -4 p.p. in the Solvency II ratio.

Real estate market sensitivity analysis
To analyse the impact of a shock to real estate market valuations, a single financial factor sensitivity analysis was carried out, assessing the impact of a downward shock to the value of real estate and real estate funds equal to -15%.

The decline of -15% in the value of the real estate market resulted in a reduction of -9 p.p. in the Solvency II ratio.

Sensitivity on Italian Government spread
To analyse the impact of a shock to the Italian Government spread, a sensitivity analysis is carried out, by assessing the increase in the Italian Government credit spread equal to +100 bps.

The +100 bps increase in the Italian Government spread resulted in a reduction of -4 p.p. in the Solvency II ratio.

For the purposes of the calculation of the sensitivity in question, we estimated the value of the Volatility Adjustment following the shock to the spreads, which had a value of 43 bps, an increase of 24 bps compared to the VA value as at 31 December 2022. The +100 bps increase in the spread determines the triggering of the national component of the VA. Therefore, the loss on Italian government bonds is not offset by the positive effect deriving from the increase in the discount curve due to the Volatility Adjustment following the shock to the spreads (VA=43 bps) applied to all liabilities.

D

VALUATION FOR SOLVENCY PURPOSES

Statement of financial position (MCBS) - current values

Assets

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Consolidated FS value – IFRS Scope
Goodwill		1,701,488	1,719,252
Deferred acquisition costs		103,353	103,353
Intangible assets		521,784	545,565
Deferred tax assets	24,232	628,055	655,920
Pension benefit surplus			
Property, plant & equipment held for own use	2,845,454	2,623,105	2,801,849
Investments (other than assets held for index-linked and unit-linked contracts)	51,586,333	51,745,436	50,981,232
Property (other than for own use)	2,739,459	2,367,078	2,442,988
Holdings in related undertakings, including participations	2,496,122	2,487,677	1,607,697
Equities	2,083,558	2,083,558	2,111,964
Bonds	39,805,921	40,345,851	40,357,310
Collective Investments Undertakings	4,135,202	4,135,202	4,135,202
Derivatives	274,033	274,033	274,033
Deposits other than cash equivalents	52,039	52,039	52,039
Other investments			
Assets held for index-linked and unit-linked contracts	8,785,244	8,785,514	8,785,514
Loans and mortgages	573,661	573,661	570,526
Loans on policies	11,609	11,609	11,609
Loans and mortgages to individuals	486,483	486,483	482,764
Other loans and mortgages	75,569	75,569	76,152
Reinsurance recoverables from:	613,547	852,353	852,353
Non-life and health similar to non-life	623,147	829,234	829,234
Non-life excluding health	*574,186*	*829,234*	*829,234*
Health similar to non-life	*48,961*		
Life and health similar to life, excluding health, index-linked and unit-linked	(9,600)	23,119	23,119
Health similar to life			
Life, excluding health, index-linked and unit-linked	*(9,600)*	*23,119*	*23,119*
Life index-linked and unit-linked			
Deposits to cedants	113,922	113,922	113,922
Insurance and intermediaries receivables	1,580,023	1,580,023	1,584,579
Reinsurance receivables	61,778	60,878	60,878
Receivables (trade, not insurance)	232,595	232,595	254,567
Own shares (held directly)	5,148	5,499	5,499
Amounts due in respect of own fund items or initial fund called up but not yet paid in			
Cash and cash equivalents	1,749,524	1,749,524	1,802,661
Any other assets, not elsewhere shown	3,682,798	3,682,798	3,684,818
Total assets	71,854,258	74,959,988	74,522,489

Liabilities

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Consolidated FS value – IFRS Scope
Technical provisions – non-life	12,285,674	14,922,313	14,922,313
Technical provisions – non-life (excluding health)	11,114,987	14,922,313	14,922,313
Technical provisions calculated as a whole		*14,922,313*	
Best Estimate	*10,658,213*		
Risk margin	*456,774*		
Technical provisions - health (similar to non-life)	1,170,686		
Technical provisions calculated as a whole			
Best Estimate	*1,111,518*		
Risk margin	*59,168*		
Technical provisions - life (excluding index-linked and unit-linked insurance contracts)	32,942,606	35,117,163	35,117,163
Technical provisions - health (similar to life)			
Technical provisions – life (excluding health and index-linked and unit-linked insurance contracts)	32,942,606	35,117,163	35,117,163
Technical provisions calculated as a whole		*35,117,163*	
Best Estimate	*32,565,914*		
Risk margin	*376,692*		
Technical provisions – index-linked and unit-linked	8,586,983	8,801,499	8,801,499
Technical provisions calculated as a whole		*8,801,499*	
Best Estimate	*8,508,524*		
Risk margin	*78,459*		
Other technical provisions			
Contingent liabilities			
Provisions other than technical provisions	593,761	593,761	634,605
Pension benefit obligations	71,947	71,947	74,492
Deposits from reinsurers	136,762	136,762	136,762
Deferred tax liabilities	578,921	730	750
Derivatives	147,214	147,214	147,214
Debts owed to credit institutions	195,166	195,166	196,275
Financial liabilities other than debts owed to credit institutions	3,324,519	3,608,204	3,052,548
Insurance and intermediaries payables	249,467	249,467	249,467
Reinsurance payables	89,332	89,332	88,511
Payables (trade, not insurance)	427,383	427,383	464,878
Subordinated liabilities	1,725,653	1,367,176	1,367,176
Subordinated liabilities not included in Basic Own Funds			
Subordinated liabilities included in Basic Own Funds	1,725,653	1,367,176	1,367,176
Any other liabilities, not elsewhere shown	1,564,308	1,564,308	1,601,052
Total liabilities	62,919,694	**67,292,423**	**66,854,707**
Excess of assets over liabilities	8,934,564	**7,667,565**	**7,667,782**

The solvency capital requirement envisaged in the Directive represents the economic capital that insurance and reinsurance companies must hold so as to guarantee that the "default" event does not occur more than once in every 200 cases or, alternatively, that the companies in question will still be able to honour their obligations, with a probability of at least 99.5%, to contracting parties and beneficiaries in the next twelve months. The capital is assessed on the basis of a balance sheet prepared according to the "Market Consistent" criteria specifically identified in the Regulation.

These criteria generally follow the fair value measurement as defined in international accounting standards (IFRS 13), to be determined on the basis of the following hierarchy:

I. prices listed on active markets for the same assets and liabilities;
II. prices listed on active markets for similar assets and liabilities, suitably adjusted to take into account differences compared to the listed assets and liabilities;
III. values taken from internal "Mark to Model" valuation models. The data used in such models must as far as possible be taken from information implicit in the market assessments referred to in the previous points.

A consolidated balance sheet is therefore prepared using Solvency II criteria, referred to as the Market Consistent Balance Sheet (MCBS), by following the steps below:

- aggregation of the MCBSs of the entities consolidated line-by-line in accordance with the Solvency II scope of consolidation;
- determination of consolidation adjustments;
- preparation of the Group MCBS.

On the previous pages, the values of the Market Consistent Balance Sheet prepared with reference to 31 December 2022 are reported in the "Solvency II Value" column, accompanied by a comparison with:

- the values determined for the Consolidated Financial Statements, reclassified on the basis of the MCBS items ("Consolidated Financial Statements Value - IFRS Scope" column);
- the values determined for the Consolidated Financial Statements, reclassified on the basis of the MCBS items and adjusted to represent a line-by-line consolidation scope uniform with that used to prepare the MCBS ("Consolidated Financial Statements Value - Solvency II Scope" column).

Please recall that, for presentation purposes, non-current assets and liabilities held for sale and discontinued operations were presented in summary form, for the Consolidated Financial Statements, in the items "Non-current assets or assets of a disposal group held for sale" and "Liabilities associated with disposal groups held for sale" in application of IFRS 5. These assets are instead represented, by nature, in the individual items of MCBS reported in the previous pages, irrespective of their allocation for disposal.
The following paragraphs illustrate the main differences in assessments for MCBS purposes and Solvency II scope Consolidated Financial Statement purposes.

Please refer to Chapter A for a description of the Solvency II scope of consolidation and the main differences with the scope of consolidation for the purposes of the Consolidated Financial Statements.

Below, the differences, classified in accordance with the MCBS layout, are described between the values reported in the Consolidated Financial Statements and the values obtained by consolidating, with other international accounting standard criteria remaining the same, the Group companies on the basis of what is set forth in the Regulation for the preparation of the MCBS. This statement makes it possible to identify the effects deriving from the different methods of consolidation of the investee entities of the parent company Unipol adopted to prepare the Consolidated Financial Statements with respect to those used for the preparation of the MCBS. As mentioned previously, such differences derive from the lack of line-by-line consolidation of the subsidiaries belonging to the financial sector and the subsidiary entities that are not ancillary services undertakings within the scope of the Unipol Insurance Group.

The "Consolidated Financial Statements Value - IFRS Scope" column reclassifies the balances based on the scope of consolidation set forth for the Consolidated Financial Statements, reclassified according to the layout required for the MCBS.
The "Consolidated Financial Statements Value - SII Scope" column reclassifies the balances of the Consolidated Financial Statements based on the Solvency II scope of consolidation.

The central column shows the adjustments due to the different consolidation methods.

Assets

Amounts in €k	Consolidated FS value – IFRS Scope	Adjustments for different consolidation methods	Consolidated FS value – Solvency II Scope
Goodwill	1,719,252	(17,764)	1,701,488
Deferred acquisition costs	103,353		103,353
Intangible assets	545,565	(23,781)	521,784
Deferred tax assets	655,920	(27,865)	628,055
Pension benefit surplus			
Property, plant & equipment held for own use	2,801,849	(178,744)	2,623,105
Investments (other than assets held for index-linked and unit-linked contracts)	50,981,232	764,204	51,745,436
Property (other than for own use)	2,442,988	(75,910)	2,367,078
Holdings in related undertakings, including participations	1,607,697	879,980	2,487,677
Equities	2,111,964	(28,406)	2,083,558
Bonds	40,357,310	(11,460)	40,345,851
Collective Investments Undertakings	4,135,202		4,135,202
Derivatives	274,033		274,033
Deposits other than cash equivalents	52,039		52,039
Other investments			
Assets held for index-linked and unit-linked contracts	8,785,514		8,785,514
Loans and mortgages	570,526	3,135	573,661
Loans on policies	11,609		11,609
Loans and mortgages to individuals	482,764	3,718	486,483
Other loans and mortgages	76,152	(584)	75,569
Reinsurance recoverables from:	852,353		852,353
Non-life and health similar to non-life	829,234		829,234
Life and health similar to life, excluding health, index-linked and unit-linked	23,119		23,119
Life index-linked and unit-linked			
Deposits to cedants	113,922		113,922
Insurance and intermediaries receivables	1,584,579	(4,556)	1,580,023
Reinsurance receivables	60,878		60,878
Receivables (trade, not insurance)	254,567	(21,972)	232,595
Own shares (held directly)	5,499		5,499
Amounts due in respect of own fund items or initial fund called up but not yet paid in			
Cash and cash equivalents	1,802,661	(53,137)	1,749,524
Any other assets, not elsewhere shown	3,684,818	(2,021)	3,682,798
Total assets	**74,522,489**	**437,499**	**74,959,988**

Liabilities

Amounts in €k	Consolidated FS value – IFRS Scope	Adjustments for different consolidation methods	Consolidated FS value – Solvency II Scope
Technical provisions – non-life	14,922,313		14,922,313
Technical provisions - life (excluding index-linked and unit-linked insurance contracts)	35,117,163		35,117,163
Technical provisions - health (similar to life)			
Technical provisions – life (excluding health and index-linked and unit-linked insurance contracts)	35,117,163		35,117,163
Technical provisions – index-linked and unit-linked	8,801,499		8,801,499
Other technical provisions			
Contingent liabilities			
Provisions other than technical provisions	634,605	(40,844)	593,761
Pension benefit obligations	74,492	(2,545)	71,947
Deposits from reinsurers	136,762		136,762
Deferred tax liabilities	750	(20)	730
Derivatives	147,214		147,214
Debts owed to credit institutions	196,275	(1,110)	195,166
Financial liabilities other than debts owed to credit institutions	3,052,548	555,656	3,608,204
Insurance and intermediaries payables	249,467		249,467
Reinsurance payables	88,511	820	89,332
Payables (trade, not insurance)	464,878	(37,496)	427,383
Subordinated liabilities	1,367,176		1,367,176
Subordinated liabilities not included in Basic Own Funds			
Subordinated liabilities included in Basic Own Funds	1,367,176		1,367,176
Any other liabilities, not elsewhere shown	1,601,052	(36,745)	1,564,308
Total liabilities	**66,854,707**	**437,717**	**67,292,423**
Excess of assets over liabilities	**7,667,782**	**(217)**	**7,667,565**

The differences in the balances of the individual asset and liability items are due to the change in the consolidation method from line-by-line to the equity method for certain Group companies (the "Companies with different consolidation methods").

In particular, the different consolidation method entailed:

a) an increase in "Holdings in related undertakings, including participations", in relation to the shareholders' equity pertaining to the group of Companies with different consolidation methods[21];

b) the decrease in other asset and liability items, due to the individual assets and liabilities included in the balance sheets of the Companies with different consolidation methods;

c) the cancellation of the intra-group receivable/payable elimination entries relating to transactions between entities consolidated line-by-line within the scope of Solvency II and the Companies with different consolidation methods.

[21] Based on the criteria laid out in IAS 28, consolidation with the equity method constitutes a "synthetic method" that represents the effects on shareholders' equity of the investor only in the equity investments item, rather than in all asset and liability items as instead is required in the case of line-by-line consolidation in application of IFRS 10. In general, line-by-line consolidation or consolidation with the equity method should not result in changes with reference to the consolidated shareholders' equity pertaining to the group of the investor company.

With reference to the difference between assets and liabilities (inclusive of the value of own shares[22]), the effect of the different method of consolidation is equal to €217k, which corresponds to the share of equity pertaining to non-controlling interests of the Companies with different consolidation methods, consisting predominantly of the share pertaining to non-controlling interests of the shareholders' equity of UniAssiTeam Srl, equal to €216k.
The paragraphs below comment on the differences in value deriving from the different valuation of assets and liabilities in the Consolidated Financial Statements and the MCBS with a like-for-like scope of consolidation using method 1 set forth in the Solvency II regulation.

D.1 Assets

D.1.1 Valuation criteria

This section illustrates the criteria, methods and models used by the Group to identify and measure assets in the MCBS. Please note that, when not specified otherwise, no changes were made to such criteria, methods and models with respect to those used in the previous year.

Intangible assets

The valuation criteria defined in the Regulation generally envisage that intangible assets are attributed a zero value. Exceptions are intangible assets that can be sold separately from the rest of the Group's assets and for which a price is available on an active market for similar assets. The Group does not hold any assets of this type.

Financial assets and liabilities (excluding participations) and properties

Financial assets and liabilities are measured at fair value on the basis of the hierarchy defined in the Regulation.
The table below summarises the methods to calculate the fair value for the different macrocategories of financial instruments, receivables and property. These methods are consistent with the criteria defined by IFRS 13.

		Mark to Market	**Mark to Model and other**
Financial Instruments	**Bonds**	"CBBT" contributor - Bloomberg Other contributor - Bloomberg	Mark to Model Counterparty valuation
	Listed shares, ETFs	Reference market	
	Unlisted shares		DCF DDM Multiples
	Listed derivatives	Reference market	
	OTC derivatives		Mark to Model
	UCITS	Net Asset Value	
Receivables			Other receivables (Carrying amount)
Property			Appraisal value

In compliance with IFRS 13, the market price (Mark to Market) is used to determine the fair value of financial instruments, in the case of instruments traded in an "active market".
"Active market" means:

- the regulated market in which the instrument subject to measurement is traded and regularly listed;

[22] The total consolidated shareholders' equity (inclusive of the portion attributable to the group and non-controlling interests) resulting from the IFRS consolidated financial statements of the Unipol Group is equal to €7,662,283.01k, corresponding to the item "Excess of assets over liabilities" net of the amount of own shares. Own shares indeed constitute an identifiable asset in the MCBS but not in the IFRS financial statements.

– the multilateral trading facility (MTF) in which the instrument subject to measurement is traded or regularly listed;
– listings and transactions performed on a regular basis, i.e. high-frequency transactions with a low bid/offer spread, by an authorised intermediary (hereinafter "contributor").

In the absence of available prices on a liquid active market, valuation methods are used which maximise the use of observable parameters and minimise the use of non-observable parameters. These methods can be summarised in Mark to Model valuations, valuations by counterparty or valuations at the carrying amount in connection with some non-financial asset categories.

<u>Mark to Market valuations</u>
With reference to listed shares, ETFs and listed derivatives, the Mark to Market valuation corresponds to the official valuation price of the reference market.
In relation to bonds, the sources used for the Mark to Market valuation of financial assets and liabilities are as follows:

a) the primary source is the CBBT price provided by data provider Bloomberg;
b) where the price referred to in the previous point is unavailable, an internal scoring model is used, which makes it possible to select liquid and active contributors on the basis of pre-defined parameters.

For UCITS the Net Asset Value is the source used.

<u>Mark to Model valuations</u>
The Group uses valuation methods (Mark to Model) in line with the methods generally used by the market.

The objective of the models used to calculate the fair value is to obtain a value for the financial instrument consistent with the assumptions that market participants would use to quote a price, assumptions that also concern the risk inherent in a particular valuation technique and/or in the inputs used. To ensure the correct Mark to Model valuation of each category of instrument, adequate and consistent valuation models must be defined beforehand as well as reference market parameters.

The list of the main models used for Mark to Model pricing of financial instruments is provided below:

Securities and interest rate derivatives:

- Discounted cash flows;
- Black;
- Black-Derman-Toy;
- Hull & White 1, 2 factors;
- Libor Market Model;
- Longstaff & Schwartz;
- Kirk.

Securities and inflation derivatives:

- Discounted cash flows;
- Jarrow-Yildirim.

Securities and share, index and exchange rate derivatives:

- Discounted cash flows;
- Black-Scholes.

Securities and credit derivatives:

- Discounted cash flows;
- Hazard rate models.

The main observable market parameters used to perform Mark to Model valuations are as follows:

- interest rate curves for reference currency;
- interest rate volatility surface for reference currency;
- CDS spread or Asset Swap spread curves of the issuer;
- inflation curves for reference currency;
- reference exchange rates;
- exchange rate volatility surface;

- share or index volatility surface;
- share reference prices;
- reference inflation curves.

The main non-observable market parameters used to perform Mark to Model valuations are as follows:
- correlation matrices between exchange rates and risk factors;
- historical volatility;
- benchmark spread curves constructed to assess bonds of issuers for which the prices of the bonds issued or CDS curves are unavailable;
- credit risk parameters such as the recovery rate;
- delinquency or default rates and prepayment curves for ABS-type financial instruments.

With reference to bonds in those cases when, even on the basis of the results of the Scoring Model, it is not possible to measure an instrument using the Mark to Market method, the fair value is obtained on the basis of Mark to Model type valuations. The different valuation models referred to above are chosen according to the specific instrument characteristics.

For OTC derivative contracts, the models used are consistent with the risk factor underlying the contract. The fair value of OTC interest rate derivatives and OTC inflation-linked derivatives is calculated on the basis of Mark to Model type valuations, acknowledging the rules set in IFRS 13.

As regards OTC derivatives for which there is a collateralisation agreement (Credit Support Annex) between the Unipol Group companies and the authorised market counterparties, the EONIA (Euro OverNight Index Average) discount curve is used.

As regards uncollateralised derivatives, CVA (Credit Valuation Adjustment) and DVA (Debit Valuation Adjustment) adjustments are made. It should be noted that at year end almost all derivative positions represent collateralised contracts for which CSA agreements are in place with the counterparties involved in the trading.

With reference to unlisted shares for which a market price or an appraisal drafted by an independent expert is not available, valuations are performed mainly on the basis of:
- equity methods;
- methods based on the discounting of future profit or cash flows, i.e. Discounted Cash Flow (DCF) or Dividend Discount Model (DDM), the so-called "excess capital" version;
- if applicable, methods based on market multiples.

As regards unlisted UCITS, Private Equity Funds and Hedge Funds, the fair value is calculated as the Net Asset Value (NAV) at the recognition date provided directly by the fund administrators. The NAV is constructed on the basis of stringent valuation policies defined by the fund and is based on valuation of the underlying assets using updated inputs and more appropriate measurement approaches. Based on these considerations and taking into account sector market practices, this value was used to express the instrument's fair value.

With reference to properties, the fair value is measured on the basis of the appraisal value provided by independent experts, in compliance with current legal provisions.

<u>Counterparty valuations</u>
For financial assets and liabilities which do not fall into the categories of instruments valued on a Mark to Market basis and for which there are no consistent and validated valuation models available for the purposes of measuring fair value, the valuations provided by the counterparties that could be contacted to liquidate the position are used.

<u>Unique characteristics of the fair value measurement for structured bonds and SPV structured bonds</u>
The measurement of structured bonds makes use of models consistent with the breakdown into elementary components (host contract and embedded derivatives) and with the risk factor underlying said contract.

For structured bonds, the valuation of elementary components follows the criteria defined above for the calculation of fair value, which makes provision for use of Mark to Market valuation if available, or Mark to Model approach or counterparty price in the case in which the Mark to Market-type price is not available.

Bonds issued by a Special Purpose Vehicle secured by collateral and whose flows paid are generated by an interest rate swap contract in place between the vehicle and the swap counterparty (usually the arranger of the transaction) are considered SPV structured bonds. The measurement of SPV structured bonds requires separate valuation of the following elements:

- collateral issue of the vehicle;
- interest rate swap agreement between the vehicle and arranger;
- any other optional components or CDS agreements included in the vehicle.

For SPV structured bonds the valuation of collateral follows the criteria defined previously for the calculation of the fair value, which make provision for the use of the Mark to Market approach if available, or the Mark to Model approach or the counterparty price in the case in which the Mark to Market type price is not available.
The valuation of the interest rate swap agreement provides for the discounting of future cash flows on the basis of the different discount curves, based on the existence or not of a collateralisation agreement (Credit Support Annex) between the vehicle and swap counterparty. In particular, if the derivative contract is collateralised using available securities included in the SPV's assets, the future cash flows of the interest rate swap agreement are discounted using the EONIA discount curve; while if there is no collateralisation agreement, use is made of CVA (Credit Valuation Adjustment), DVA (Debit Valuation Adjustment) and FVA (Funding Valuation Adjustment), as appropriate.

As regards the valuation of other (non-technical) financial liabilities, the fair value is measured at each reporting date by taking into account the credit rating of the company "at inception", therefore without considering any subsequent changes in the company's credit rating.

Participations

The recognition value of participations[23] in the MCBS is determined on the basis of the following hierarchy:

- prices listed on active markets for the same assets and liabilities;
- percentage interest in the investee's equity determined on the basis of MCBS valuation criteria;
- percentage interest in the investee's equity determined on the basis of international accounting standards, taking into account the Solvency II measurement criteria for intangible assets;
- internal valuation models.

In particular, pursuant to the Regulation:

- participations in subsidiaries are measured on the basis of the investor's percentage interest in the equity, determined according to the MCBS preparation criteria adopted by the subsidiary concerned;
- participations in companies such as credit institutions, investment firms and financial institutions, UCITS management companies are measured based on the proportional share of own funds of the company calculated pursuant to the pertinent sector regulations;
- participations in associates are measured on the basis of the investor's percentage interest in the equity, determined according to IFRS (less any intangible assets of the investee).

Based on the criteria for preparing the Consolidated Financial Statements, the participations held are measured based on the share of equity, determined on the basis of the same criteria as those used to prepare the Consolidated Financial Statements.

[23] The participations are identified by the Regulation and the Directive as investments in associates or subsidiaries or for which the Group holds at least 20% of the voting rights or capital.

Deferred tax assets and liabilities

The deferred tax calculation recognised in the MCBS was performed by applying the criteria identified in international accounting standards (IAS 12), suitably supplemented with the provisions of Articles 20-22 of IVASS Regulation No. 34 of 7 February 2017.

Please note that deferred tax assets the recovery of which does not depend on future profitability have been classified as "Any other assets, not elsewhere shown". This classification was deemed more appropriate than the classification in Deferred tax assets, as those assets were considered similar to tax receivables due to the specific tax regulations applicable to them[24].

Other assets

For all other assets not included in the categories of previous paragraphs, taking into account the related characteristics, the recognition value in the MCBS is consistent with their value determined for the consolidated financial statements and consequently applying IAS/IFRS and any relative updates in such standards to be applied in the current year.

D.1.2 Quantitative information on asset valuation

Intangible assets

In line with the regulatory provisions of the Directive, for solvency purposes the Group does not assign a value to goodwill, or to other intangible assets, as a listing of similar assets on an active market is not available.

Intangible assets

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Difference
Goodwill		1,701,488	(1,701,488)
Deferred acquisition costs		103,353	(103,353)
Intangible assets		521,784	(521,784)
Total		**2,326,625**	**(2,326,625)**

Following the necessary adjustments to the three items indicated above in the MCBS, the Group recorded a decrease in shareholders' equity in the Solvency II scope Consolidated Financial Statements for €2,326,625k, gross of related tax effects.

24 The regulations provide a mechanism for the conversion to tax credits of DTAs, booked to the financial statements no later than 31 December 2014, relating:

a) to value adjustments on receivables and misalignments between the carrying amount and tax value of goodwill and other intangible assets, in the case of a statutory loss; and

b) to tax losses, to the extent to which they originated from decreases connected to value adjustments on receivables and the amortisation of goodwill and other intangible assets.

The regulations are also applicable in the case of the liquidation of companies. The receivable deriving from the transformation of the above-mentioned DTAs may be used to offset with no quantitative or temporal limits, transferred at nominal value to parties belonging to the same group and a refund may be requested for the residual part after offsetting.

Land, buildings and other tangible fixed assets

Land and buildings were recognised in the MCBS at fair value, determined on the basis of expert independent appraisal reports. The value recognised in the Consolidated Financial Statements corresponds to the purchase cost systematically amortised over the life of the asset, adjusted if necessary for any impairment losses.

Tangible assets

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Difference
Property, plant & equipment held for own use	2,845,454	2,623,105	222,349
Property (other than for own use)	2,739,459	2,367,078	372,380
Total	5,584,913	4,990,183	594,729

Note that in reference to other owned tangible assets other than property (e.g. equipment, plant, machinery, vehicles, etc.) and the rights of use on tangible assets deriving from the application of IFRS 16, the recognition value in the MCBS is consistent with the recognition value in the Consolidated Financial Statements which, given the nature and significance of such assets, was considered an adequate representation of the fair value.

Following the fair value measurement of the owned property, the Group recorded an increase in assets by €594,729k in the MCBS compared to the Consolidated Financial Statements, gross of the related tax effect.

Financial assets for which investment risk is borne by policyholders

The MCBS item "*Assets held for index-linked and unit-linked contracts*" includes all the financial assets for which investment risk is borne by the policyholders (unit-linked, index-linked and pension funds).

Financial assets when the investment risk is borne by policyholders

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Difference
Assets held for index-linked and unit-linked contracts	8,785,244	8,785,514	(270)

These assets were also measured at fair value in the Consolidated Financial Statements. The difference recognised is due to the fact that, in the Consolidated Financial Statements, the fair value measurement method is used for financial instruments classed as unit-linked, consistent with the valuation of liabilities payable to the policyholders and the NAV for unit-linked products. This fair value measurement method for financial assets differs slightly to that used for the purpose of MCBS preparation. Also considering that for preparation of the MCBS the valuation of financial assets classed as unit-linked is in any event fully consistent with the measurement criteria for the corresponding liabilities to the policyholders, the slight differences in fair value measurement methods have no appreciable impact on the total difference between assets and liabilities in the MCBS and in the Consolidated Financial Statements.

Other investments (excluding participations)

As a general principle, all investments are measured at fair value as required by the SII Directive. The value recognised in the Consolidated Financial Statements instead depends on the category in which the financial instruments are classified pursuant to IAS 39 and IFRS 9, the latter of which is applied to the Parent Company and some of the Group companies other than insurance companies:

Items IAS 39

- held-to-maturity investments (recognised at amortised cost, written down if necessary for any impairment losses);
- loans and receivables (recognised at amortised cost, written down if necessary for any impairment losses);

- available-for-sale financial assets (measured at fair value);
- financial assets at fair value through profit or loss (measured at fair value).

Items IFRS 9
- financial assets measured at amortised cost (written down if necessary for any impairment losses);
- financial assets measured at fair value through other comprehensive income;
- financial assets mandatorily measured at fair value through profit or loss.

With reference to investments formed by deposits with financial institutions and by loans and mortgages, the recognition value in the MCBS is consistent with the recognition value in the Consolidated Financial Statements which, given the nature and significance of such assets, is considered an adequate representation of the fair value.

Other financial investments

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Difference
Equities	2,083,558	2,083,558	
Bonds	39,805,921	40,345,851	(539,929)
Collective Investments Undertakings	4,135,202	4,135,202	
Derivatives	274,033	274,033	
Deposits other than cash equivalents	52,039	52,039	
Loans and mortgages	573,661	573,661	
Total	**46,924,413**	**47,464,342**	**(539,929)**

The fair value measurement resulted in a decrease in MCBS assets compared to the Consolidated Financial Statements by €539,929k, gross of the related tax effect. This change is mainly attributable to the unfavourable market performance recorded in 2022, mentioned above.

Participations

Participations

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Difference
Holdings in related undertakings, including participations	**2,496,122**	**2,487,677**	**8,445**

The different criteria for calculating the value of Participations led to an increase in assets by €8,445k in the MCBS compared to the Consolidated Financial Statements, gross of the related tax effect. This increase is attributable primarily to the method of consolidation laid out by the Solvency II regulation of the companies in the financial sector, which requires an assessment of participations in credit institutions based on the proportional share of own funds of the investee companies calculated pursuant to pertinent sector rules (Basel III).

Deferred tax assets and liabilities

Deferred tax assets and liabilities are calculated on the temporary differences between the carrying amount of assets and liabilities in the MCBS and their value recognised for tax purposes.

Deferred tax assets and liabilities

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Difference
Deferred tax assets	24,232	628,055	(603,823)
Deferred tax liabilities	(578,921)	(730)	(578,191)
Net total	**(554,689)**	**627,325**	**(1,182,014)**

The differences compared to the Consolidated Financial Statements are associated with the deferred tax effect of temporary differences deriving from adjustments to the asset and liability valuations commented on in paragraphs D.1, D.2 and D.3.

The temporary differences resulting in the recognition of deferred tax assets and liabilities are primarily due to:

- intangible assets, in large part represented by goodwill subject to value realignment pursuant to Decree Law 104/2020, the differences of which will be cancelled out over a period of 50 years starting from 2021, and intangible assets other than goodwill, expected to be reversed on average over 3-5 years;
- financial investments, consisting primarily of bonds. The temporary differences relating to such securities will be cancelled out progressively as maturity approaches or when the securities are disposed of. Please note that the average duration of the Unipol Group's financial investments portfolio is 4.91 years;
- to Life and Non-Life technical provisions. Please note that the duration of the Best Estimates of the Unipol Group is 6.01 years.

At the reporting date there are no tax losses eligible to be carried forward or unused tax credits of significant amounts and consequently the corresponding deferred tax assets have not been recognised.

Other assets

The differences recognised between other assets in the MCBS and their corresponding valuations in the Consolidated Financial Statements are provided below.

Other assets

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Difference
Deposits to cedants	113,922	113,922	
Insurance and intermediaries receivables	1,580,023	1,580,023	
Reinsurance receivables	61,778	60,878	900
Receivables (trade, not insurance)	232,595	232,595	
Own shares (held directly)	5,148	5,499	(351)
Cash and cash equivalents	1,749,524	1,749,524	
Any other assets, not elsewhere shown	3,682,798	3,682,798	
Total	7,425,788	**7,425,239**	**549**

The difference in the value of own shares is attributable to the valuation of the Parent Company's own shares at listed price, while the higher value of reinsurance receivables is due to the elimination of certain prudential provisions required by local regulations with reference to a foreign Company.

In reference to the other assets in the above table, the recognition value in the MCBS is consistent with the recognition value in the Consolidated Financial Statements which, given the nature and significance of such assets, was considered an adequate representation of the fair value.

Leasing and rental agreements - assets

Please note that at 31 December 2022, the Group does not act as lessor in any finance lease agreements. Some of the Group companies instead act as lessors with reference to operating leases connected to ordinary activity of real estate asset management and the operations of certain ancillary services undertakings (e.g. Unipol*Rental*).

D.2 Technical provisions

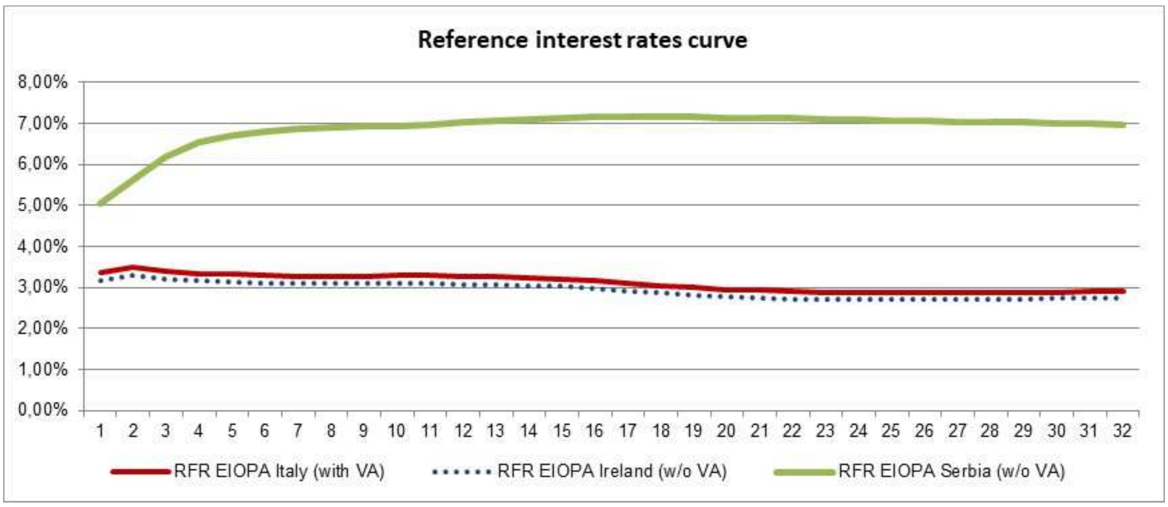
Please first of all note that, when not specified otherwise, no changes were made to the valuation criteria, methods and models with respect to those used in the previous year.

The valuations for solvency purposes of the Group's technical provisions were all analogous with those carried out for the same purpose by each individual company. The consolidated values were obtained from the corresponding values resulting from the MCBS drafted on an individual basis, also making the appropriate adjustments to deduct components relating to intra-group transactions.

D.2.1 Valuation criteria

In accordance with the Directive, the Solvency II technical provisions (Life and Non-Life) are calculated for each company within the scope as the sum of the Best Estimate of Liabilities (BEL) and a Risk Margin.

The main difference with respect to the current regulation applicable for the drafting of financial statements (see, for example, ISVAP Regulation No. 22 of 4 March 2008 and No. 7 of 13 July 2007, and subsequent amendments and additions), which establishes that the measurement must be carried out according to the principle of prudentiality, by also taking into consideration the guidelines contained in IFRS 4, represented by the adoption of a "market-based" measurement. The value of the technical provisions, in fact, must correspond with "*the amount that an insurance or reinsurance company would have to pay if its contractual rights and obligations were immediately transferred to another company*".
In this sense, the risk margin assumes the meaning of risk premium or, in actuarial terms, safety loading, whereas the prudence is included in the retention of an adequate level of capital.
These principles are satisfied in the adoption of a Discounted Cash Flow (DCF) method for the BEL valuation, eliminating all forms of prudence (e.g. final cost valuation for claims provisions, inclusion of provisions for unexpired risks and supplementary provisions for the premium provision) and including - in the valuation - all variables that could affect the amount of future cash flows.
The BEL corresponds to the present estimated value of future cash flows calculated on the basis of the relevant due dates structure of risk-free interest rates, taking into account the volatility adjustment referred to in Art. 77-quinquies of the Directive, when applied.
The structures by maturity of the risk-free interest rates used in calculating the BEL are differentiated based on the country in which each Group Company is located.
The volatility adjustment is adopted only for the Italian Companies (equal to 19 bps at 31/12/2022, up compared to 3 bps in the previous year) and is determined on the basis of EIOPA specifications with reference to a benchmark portfolio representing the assets covering the technical provisions in which the insurance and reinsurance companies invest.
The figures below show the rate curves adopted for the assessment of the BELs at 31 December 2022 for each reference country.



Best Estimate Liability Non-Life

The Best Estimate Liability, equal to the sum of the claims BEL and premiums BEL, was calculated in accordance with the principles stated in the regulation, by applying suitable statistical/actuarial models and net of amounts recovered from the policyholders and from third parties for the portion not already recognised as assets in the balance sheet.

The value of the Group's Claims BEL is obtained based on the calculation of the individual Claims BELs for each Company.
Details on their calculation and on the methodologies and models used are described in the reports prepared for the individual companies. For the companies DDOR Novi Sad and DDOR Re, simplified approaches based on financial statement values are adopted.
The amount of the Claims Best Estimates for the Group is based on the sum of the "solo" values adjusted for intra-group transactions:

$$BE^{Group} = \sum_{i=1}^{N} BE_i^{(No\ Infr)} = \sum_{i=1}^{N} \frac{BE_i}{RS_i} RS_i^{(No\ Infr)}$$

The adjusted BEs ($BE_i^{(NoInfr)}$) are determined based on the claims provisions net of intra-group transactions ($RS_i^{(NoInfr)}$) calculated for the purpose of the Consolidated Financial Statements. Indeed, the incidence of the Claims BEs on the Claims Provision in the financial statements for each stand-alone company is applied to this amount.

The premiums BEL was calculated in a manner fully analogous with the calculation made at individual company level, based on the cash flows obtained from the projection of each Company's historic ratios (loss ratio and expense ratio, estimated by considering an average for the last three/four years, or in certain cases the growth trend), applied to the existing portfolio values at the time of valuation, separately for each business line, but net of intra-group transactions. The cost of claims is attributed to the settlement period based on the pattern of claims experience estimated for current business to obtain the correct projected cash flow. The total cash flows, the present value of which constitutes the Premiums BE, take into account all the items, incoming and outgoing, generated by the combination of future premiums, claims not yet received, allocated and unallocated settlement expenses, commissions and administrative expenses deriving from existing contracts.

Analogous with the calculation made by individual company, the total liabilities recognised in the consolidated financial statements against the provisions for profit-sharing and ageing were considered a reasonable estimate of the corresponding liabilities for recognition in the Market Consistent Balance Sheet (MCBS). These provisions were also recorded in the premiums BEL.

The comparison between Non-Life technical provisions measured for the Market Consistent Balance Sheet and those calculated for the Consolidated Financial Statements shows different approaches relating to the assumptions adopted for the calculation and the underlying risks. The main differences between the two regulatory regimes are summarised below:

	Solvency II	Consolidated Financial Statements
Valuation approach	Matching adjustment concept + Risk Margin Disclosure	Prudent assumption concept
Time value of money	Discounted cost	Final cost
Handling of recoveries	Net recoveries	Gross recoveries

As the Best Estimate Liability is a present value of estimated future cash flows, it is by definition an estimate subject to uncertainty in the final cost projection and in the assumed due dates structure for interest rates. In order to assess the main sources of uncertainty in the BEL calculation, a number of sensitivity analyses were carried out. The following, for example, shows the change in BEL as the interest rate structure changes.

BEL (Net of reins.) Discount curve sensitivity analysis

Amounts in €k	Claims BEL	Premiums BEL	TOTAL
Curve - 2021 - without VA	8.52%	9.00%	8.63%
Curve - 2021 - basic	8.44%	8.91%	8.55%
Curve - 2022 - without VA	0.42%	0.45%	0.43%
Curve - 2022 - basic	8,526,226	2,620,358	11,146,584
Curve - 2022 - basic + 1%	(2.15)%	(2.27)%	(2.18)%

Compared to the curve used, the application of the same structure without a volatility adjustment would lead to an upward change in BELs of around 0.43%. Instead, using the curve with an increase of one basis point, there would be a reduction of 2.18%. By contrast, if the curve remained stable at 31 December 2021, the BEL would be roughly 8.55% higher.

Best Estimate Liability Life

The value of the Group's Life BEL is obtained based on the calculation of the individual BELs for each Company. Details on their calculation and on the methodologies and models used are described in the reports prepared for the individual companies. For the companies UnipolRe and DDOR Novi Sad, simplified approaches based on financial statement values are adopted.

The Life BEL valuation method uses an ALM-type stochastic approach which allows an integrated "fair value" measurement of assets and liabilities.

The most significant product category within the portfolio of Group Companies, particularly those based in Italy, consists of revaluable products linked to returns of the Segregated Funds. In this case, the typical quantities for the calculation of the Life BELs are projected at "point" level deriving from the non-destructive aggregation of information on individual policies that have the same characteristics, including the individual Company's technical and actuarial assumptions and also making use of standard stochastic simulation approaches for the financial variables.

ALM logic simulates the actions performed by each individual Company based on the future growth of amounts representing the policies portfolio (liabilities) and the underlying portfolio of financial securities (assets). In the specific case of products with performances that can be revalued in terms of returns of Segregated Funds, ALM logic envisages a circuitry that can be summarised in the following logical steps, repeated for every instant on the reference time horizon (monthly or annual):

- calculation of the returns for every Segregated Fund, according to the rules envisaged in the Segregated Funds regulations;
- revaluation of the benefits provided to the policyholders based on the returns calculated in the previous step;
- calculation of the net balance of liability items: tariff premiums collected - benefits - operating expenses for the period on the securities portfolio.

If the balance is negative, the model draws upon the liquidity in the assets portfolio, and if this is still not sufficient to cover commitments to the policyholders, the sale of financial securities in the portfolio is arranged, with subsequent gains/losses realised with an impact on returns of Segregated Funds for the next instant and therefore on subsequent indexed benefits.

In the projection, the model also makes use of information related to "management actions", which translates into suitable conditioning factors for the simulation process, the strategic guidelines for financial portfolio management used by each Company.

The process of determining the BELs connected to Segregated Funds takes place through Montecarlo simulation models, i.e. simulating the returns of funds underlying the insurance contract. For this purpose an Economic Scenario Generator (ESG) is used, which makes use of specific projection models for sources of market risk and which is also adopted to measure the Life Underwriting risks. This approach allows the inclusion in technical provisions of a valuation of the cost of financial guarantees and options, if any.

In relation to linked type products, including pension funds belonging to Class VI, for which the value of the Group Companies' commitments to the policyholders is linked to the market value of the underlying financial portfolios, the characteristic amounts are projected for each policy based on the development of the assets present in the portfolio. As for revaluable products, also for the assessment of class III and VI policies technical and actuarial assumptions are used for each individual Company and standard techniques are used for the stochastic simulation of the financial variables.
For each portfolio segment, the BEL calculations are also based, aside from on the economic assumptions described above, on a series of operating assumptions relating mainly to:

- Development of biometric risk factors;
- Operating expenses;
- Exercise frequency of options granted to the customer.

These assumptions are determined as the best possible estimate at the valuation date on the basis of the historic experience of the individual Group Companies, if available, or of appropriate market benchmarks.
For many reasons, associated for example with the unavailability of all the necessary detailed and/or series of information which proves inefficient for tariffs with immaterial portfolio volumes, a part of the Group's Life portfolio is not accurately modelled in the actuarial platform adopted for the projection of cash flows. However, it is included in the overall estimation of the BEL, albeit approximately, through assimilation with products in the same sub-portfolio of reference, accurately assessed by the actuarial platform. The percentage of the portfolio not accurately modelled, subject to simplified valuation, is overall less than 1%.

In order to assess the main sources of uncertainty in the BEL calculation, a number of sensitivity analyses were carried out on the main scenarios affecting the financial and non-financial value. Each valuation was performed by keeping all other scenarios unchanged, including the management actions.

It should be emphasised that the scenarios subject to sensitivity analysis are often correlated, and therefore it is unlikely that the impact of two events occurring simultaneously would be the sum of the impacts of the two respective sensitivities.

The following table illustrates the sensitivity analyses of the Life BEL, recorded in the MCBS at 31 December 2022 of the Group's Italian Companies. The BEL considered amounted to €40,604,823k and constituted around 99% of the Group portfolio; the percentage changes with respect to the basic calculation are reported below.

Sensitivity	Sensitivity description	
IR -20bps	Downward shift of 20 basis points of the risk-free curve	1.30%
IR +20bps	Upward shift of 20 basis points of the risk-free curve	(1.26)%
EQ -20%	20% decrease of equity market value	(0.14)%
EQ +20%	20% increase of equity market value	0.14%
Spread +50bp	Increase of 50 basis points of the spread	(1.36)%
Spread -50bp	Decrease of 50 basis points of the spread	1.75%
Surrenders -50%	50% decrease of redemption rates (multiplier factor, ie 50% of the best estimate redemption assumption)	(0.80)%
Surrenders +50%	50% increase of redemption rates (multiplier factor, ie 150% of the best estimate redemption assumption)	0.63%
Mortality +15%	15% increase in mortality (multiplication factor, i.e 115% of death probabilities is considered)	0.00%
Mortality -20%	20% drecrease of mortality (multiplier factor, i.e. 80% of death probabilities is considered)	0.03%
Expenses +10%	10% increase of management costs and 1% increase of the expected inflation rate	0.50%
No volatility adjustment	Reduction of the reference rate curve equal to the amount of volatility adjustment	0.67%
No FS restrictions	Cancellation of the budget constraint (i.e. the reallocation, for each financial portfolio at year end, of the projection of the book value of the securities to the amount of the mathematical reserve)	0.20%
No yield target	The management rule for targeting a performance for each projection year is deactivated	0.83%

Technical Provisions - Reinsurers' share

NON-LIFE

Calculation of the reinsurers' share of provisions for the Non-Life and Health businesses was performed, like the calculation at individual company level, by applying - on direct and indirect business volumes ceded (net of any intra-group components) - the results obtained for the gross direct business, and then estimating expected losses due to reinsurance counterparty default calculated on the basis of the volumes of provisions divided into reinsurer rating classes using the probability of default (PD) and the estimated loss given defaults (LGD).

In particular, for each individual company:

- the claims BEL for premiums ceded was calculated by applying to the corresponding financial statements aggregate the ratios between the BEL and financial statements provisions and the breakdown of provisions patterns estimated - for each business segment - on the gross premiums figures;
- the premiums BEL for premiums ceded was calculated using the loss ratios (net of indirect settlement expenses), withdrawal rates and the time allocation percentages estimated on gross premiums figures.

LIFE

As regards the calculation of the reinsurers' share of provisions for the Life business, note that in view of the reduced ceding through the reinsurance channel, for the majority of the Group's portfolios it was not necessary to develop a specific BEL valuation of the reinsurers' share, which was therefore approximated with the amount of the reinsurers' share of provisions indicated in the consolidated financial statements, adjusted to take into account expected losses deriving from reinsurer default. Again in consideration of the very limited volumes, the same approach, with the exception of the default adjustment, is applied to calculate the BEL for indirect business.
For the Company Arca Vita, the provision set forth in the consolidated financial statements was considered a good approximation of the BEL of the reinsurers' share, with the exception of the portfolio of tariffs in the event of death, non-negligible in size, for which the amount was determined using a similar methodology to the gross BEL methodology.

Methodology of valuation of the Risk Margin

The Risk Margin represents the cost of holding an amount of eligible own funds equal to the Solvency Capital Requirement (SCR) needed to support insurance and reinsurance obligations assumed throughout their contractual life.

The method adopted involves calculating the Risk Margin of each group company separately for Non-Life and Life business, so as to take into account the specific features of the two businesses, and calculating the total Risk Margin as the sum of the figures indicated previously.
The Group's overall Risk Margin is determined as the algebraic sum of the Risk Margins calculated separately for each Company on the basis of the solvency capital requirement of the reference company, determined in accordance with the Standard Formula or the Partial Internal Model when applicable.

The Risk Margin is calculated for each company on the basis of the following input data:

- SCR related to operational risk;
- SCR related to credit risk;
- SCR related to Non-Life and Health underwriting risks (including CAT risk) or Life underwriting risks quantified according to the different risk assessment methods;
- SCR related to Ring Fenced Funds;
- settlement speed estimate for the best estimate component of technical liabilities;
- risk-free rate curve.

To estimate the Solvency Capital Requirement for future instants, the simplified method number 2 described in the EIOPA document "Guidelines on valuation of technical provisions" (no. 62), which envisages the option of approximating the SCR for all future years based on the ratio between the BEL for each future year and the BEL at the valuation date, is adopted.

D.2.2 Quantitative information on the valuation of the technical provisions

Non-Life technical provisions

The MCBS recognition value of Non-Life technical provisions corresponds to their fair value determined using the methods described above in paragraph D.2.1.

The values of Non-Life technical provisions broken down by line of business (LoB) are illustrated below.

Segmentation of Non-Life technical provisions by Line of Business

Amounts in €k		Best estimate (gross)	Risk Margin	Recoverable amounts from reinsurance	TOTAL
	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)	**11,367,023**	**472,327**	**(616,211)**	**11,223,139**
1	Medical expense insurance	539,534	28,928	(274)	568,188
2	Income protection insurance	570,478	29,969	(48,761)	551,685
3	Workers' compensation insurance				
4	Motor vehicle liability insurance	5,185,592	153,741	(42,464)	5,296,869
5	Other motor insurance	575,575	23,445	(13,134)	585,886
6	Marine, aviation and transport insurance	273,034	7,149	(164,222)	115,960
7	Fire and other damage to property insurance	1,449,794	84,374	(115,238)	1,418,931
8	General liability insurance	2,208,448	112,077	(42,168)	2,278,356
9	Credit and suretyship insurance	266,020	17,412	(107,412)	176,020
10	Legal expenses insurance	85,050	3,027	(45,901)	42,176
11	Assistance	95,668	4,722	(3)	100,387
12	Miscellaneous financial loss	117,830	7,485	(36,635)	88,681
	Line of business for: accepted non-proportional reinsurance	**402,708**	**43,615**	**(6,936)**	**439,387**
13	Non-proportional health reinsurance	1,506	272	75	1,853
14	Non-proportional casualty reinsurance	253,005	37,768	9,462	300,235
15	Non-proportional marine, aviation and transport reinsurance	1,561	63		1,624
16	Non-proportional property reinsurance	146,636	5,512	(16,472)	135,675
	Total	**11,769,731**	**515,943**	**(623,147)**	**11,662,527**

At 31 December 2022 there were no amounts recoverable from SPVs.

The following table summarises the differences in value found between the valuation for Solvency purposes and the valuation for the Group’s consolidated financial statements of the Non-Life technical provisions (direct and indirect business), net of amounts ceded to reinsurers.

Non-Life technical provisions

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Difference
Technical provisions - Non-life	12,285,674	14,922,313	(2,636,639)
Other technical provisions			
Reinsurance recoverables from: Non-life and health similar to Non-life	(623,147)	(829,234)	206,087
Total	11,662,527	14,093,079	(2,430,552)

For further information on the existing differences between the technical provisions calculation methods for the Non-Life segment for the MCBS and that recorded in the Consolidated Financial Statements, reference should be made to the comments in paragraph D.2.1 above.

The overall difference between the Technical Provisions in the financial statements and the Solvency II value, net of reinsurance, amounts to €2,430.6m.

The difference totalled approximately €693.1m on the Premiums BE and €2,241.5m on the Claims BE. These effects are partly offset by the addition of the Risk Margin (€515.9m). In addition, the total difference also includes advance collections and reinstatements of outwards reinsurance.

Life technical provisions

The MCBS recognition value of Life technical provisions corresponds to their fair value determined using the methods described above in paragraph D.2.1.

The values of Life technical provisions broken down by LoB (line of business) are illustrated below.

Segmentation of Life technical provisions by Line of Business

	Amounts in €k	Best estimate (gross)	Risk Margin	Recoverable amounts from reinsurance	Total
	Direct business	41,071,824	455,144	10,819	41,537,788
1	Health insurance				
2	Insurance with profit participation	32,673,413	336,019	(10,796)	32,998,636
3	Index-linked and unit-linked insurance	8,508,524	78,459		8,586,983
4	Other life insurance	(110,112)	40,666	21,615	(47,831)
5	Annuities stemming from non-life insurance contracts and relating to health insurance obligations				
6	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations				
	Indirect business	2,613	7	(1,219)	1,401
	Total	41,074,438	455,151	9,600	41,539,189

The following table summarises the differences in value found between the valuation for Solvency II purposes and the valuation for the Group's Consolidated Financial Statements of the Life technical provisions (direct and indirect business, net of reinsurance).

Life technical provisions

Amounts in €k	Solvency II Value	Consolidated FS value – Solvency II Scope	Difference
Technical provisions - Life (excluding Index-linked and unit-linked)	32,942,606	35,117,163	(2,174,557)
Technical provisions - Index-linked and unit-linked	8,586,983	8,801,499	(214,516)
Recoverables from reinsurance: Life and health similar to Life, excluding Health, Index-linked and unit-linked	9,600	(23,119)	32,719
Recoverables from reinsurance: Life Index-linked and unit-linked			
Total	41,539,189	43,895,543	(2,356,355)

The table below provides the details of the technical provisions net of reinsurance for each individual Company and also highlights adjustments for intra-group activities.

Life technical provisions broken down by company

Company - (Amounts in €k)	Solvency II techcnical provisions	IFRS provisions	Difference
UnipolSai Assicurazioni	29,164,307	30,867,946	(1,703,640)
Arca Vita	11,325,388	11,990,111	(664,723)
BIM Vita	565,948	584,808	(18,860)
Arca Vita International	438,259	439,512	(1,253)
Ddor Novi Sad	35,055	35,035	21
UnipolRe	634	1,250	(616)
Intragroup transactions	(2)	(2)	
Totale	41,529,589	**43,918,660**	**(2,389,072)**

The comparison between Life technical provisions measured for the Market Consistent Balance Sheet and those calculated for the IFRS financial statements shows different approaches relating to the assumptions adopted for the calculation and the underlying risks.

Deviation between the two quantities is particularly significant for traditional tariffs and for those envisaging benefits linked to the performance of a Segregated Fund (i.e. revaluable).

The main factors due to which the two valuation metrics differ may be summarised as:

- financial impacts, or the set of assumptions relating to the risk-free reference rate level, market volatility and the adoption of risk-neutral valuation methodologies;
- the adoption of best estimate assumptions relating to estimated mortality levels (against prudent assumptions adopted in the calculation of provisions for the financial statements);
- the modelling of policyholder behaviour expected in the year for the various contractual options offered (surrender, reduction, withdrawal, additional payments, etc.), which are not specifically considered in the calculation of provisions for the financial statements;
- the adoption of cost assumptions (commissions and non-commissions) based on the Companies' actual experience (against assumptions adopted in the calculation of provisions for the financial statements, based on "first level" assumptions, i.e. those defined at the tariff pricing stage prior to verification of their sustainability);
- the explicit inclusion of the Risk Margin in the calculation of the Technical Provisions, a component not envisaged in financial statements provisions.

The Solvency II technical provisions for the *Reinsurance recoverables* segment, given the low degree of materiality of the total volume, as previously mentioned, were determined on the basis of the amount in the Consolidated Financial Statements, adjusted for expected losses from reinsurer default. An exception is made for the portfolio of tariffs in the event of death of Arca Vita for which the amount was determined using a similar methodology to the gross BEL methodology.

D.2.3 Information on the effects of the application of volatility adjustment

For the fair value measurement of Non-Life and Life technical provisions, the Group has applied the option envisaged in Art. 77-quinquies of the Directive, defined as the volatility adjustment (VA).

The table below summarises the effect that non-application of the VA would have on technical provisions (gross of the effect of reinsurance), on the Solvency Capital Requirement, basic own funds and eligible own funds to cover the Solvency Capital Requirement.

Volatility Adjustment

Amounts in €k	With VA (a)	Without VA (b)	Difference (b)-(a)
Technical provisions	53,815,262	54,137,734	322,471
Basic own funds	7,271,261	7,100,717	(170,544)
SCR	4,591,379	4,641,344	49,965
Eligible amount of own funds to meet SCR	9,192,007	9,021,463	(170,544)
SCR coverage ratio	2.00	1.94	(0.06)

D.3 Other liabilities

D.3.1 Valuation criteria

Please first of all note that, when not specified otherwise, no changes were made to the valuation criteria, methods and models with respect to those used in the previous year.

Financial liabilities

The fair value of other (non-technical) financial liabilities is measured by taking into account the credit rating of the company "at inception", without considering any subsequent changes in that credit rating.

Other liabilities

For all other liabilities not included in the categories of previous paragraphs, taking into account the related characteristics, the recognition value in the MCBS is consistent with their value determined for the Consolidated Financial Statements drafted by the holding company and consequently applying the reference IAS/IFRS.

D.3.2 Quantitative information on the valuation of other liabilities

The differences recognised between other liabilities in the MCBS and their corresponding valuations in the Consolidated Financial Statements are provided below.

Other liabilities

Amounts in €k	Solvency II value	Consolidated FS value – Solvency II Scope	Difference
Provisions other than technical provisions	593,761	593,761	
Pension benefit obligations	71,947	71,947	
Deposits received from reinsurers	136,762	136,762	
Derivatives	147,214	147,214	
Debts owed to credit institutions	195,166	195,166	
Financial liabilities other than debts owed to credit institutions	3,324,519	3,608,204	(283,685)
Insurance and intermediaries payables	249,467	249,467	
Reinsurance payables	89,332	89,332	
Payables (trade, not insurance)	427,383	427,383	
Subordinated liabilities	1,725,653	1,367,176	358,478
Any other liabilities, not elsewhere shown	1,564,308	1,564,308	
Total	**8,525,511**	**8,450,718**	**74,792**

The difference in the valuation of financial liabilities other than payables to credit institutions derives from the fair value measurement primarily of debt securities issued by the Parent Company, which are valued at amortised cost in the Consolidated Financial Statements.
With reference to subordinated liabilities, as indicated previously, the difference of €358,478k is attributable:

- for €496,161k to the different method of accounting of the Restricted Tier 1 capital instrument for a nominal value of €500m issued by UnipolSai in October 2020. In particular, in relation to the features of the Issue, which do not establish an obligation on the part of the issuer to return the capital or pay coupons, for the purposes of the Consolidated Financial Statements drafted on the basis of IAS/IFRS standards, said instrument qualified as a component of shareholders' equity and was consequently recognised in the item "Excess of assets over liabilities". By contrast, said instrument is recognised in the item "Subordinated liabilities" in the MCBS;
- for -€137,683k to their measurement at fair value (without considering the post-issue change in credit rating) for MCBS purposes. Such liabilities were instead measured at amortised cost in the Consolidated Financial Statements.

The total liabilities for defined benefit plans due to employees after termination was €71,947k, consisting primarily of post-employment benefits and obligations deriving from the post-retirement policy for managers. There are no assets serving such defined benefit plans.
Post-employment benefits accrued by 31 December 2006 that were not transferred to external bodies in accordance with the provisions of Italian Legislative Decree 252/05 on supplementary pension schemes come under the category of employee benefits classified as a defined benefit plan. The amount due to employees is therefore calculated using actuarial techniques and discounted at the reporting date, using the "Projected unit credit method" (a method based on benefits accrued in proportion to length of employment).
The same method is used to establish the effects of other defined benefits for employees for the post-employment period.
Future cash flows are discounted on the basis of the market yield curve, recorded at the end of the year, for corporate bonds issued by issuers with high credit standing.

Leasing and rental agreements - liabilities

At 31 December 2022, the Group is lessee in finance lease agreements primarily with reference to the activity carried out by the subsidiary Unipol*Rental*. Operating leases in which the Group is lessee are also in place to support the Group's ordinary activity concerning primarily real estate and IT materials.

D.4 Alternative methods for valuation

As reported in the previous paragraphs, with reference to the valuation method for assets, technical provisions and other liabilities, for some of these alternative valuation methods were used, based on the premises stated in Art. 10 of the Regulation.
In particular, alternative valuation methods were used for all assets and liabilities for which the Regulation had not defined other valuation criteria[25], lacking prices listed in active markets of identical or similar assets and liabilities.

The description of the methods used and the valuation uncertainties is given in the comments on valuation criteria in paragraphs D.1.1 and D.3.1.

Based on past experience, no significant deviations emerged between the estimated valuation based on alternative valuation methods and the corresponding values deduced, for example, from subsequent market transactions involving these assets and liabilities.

D.5 Any other information

Note that there is no significant information to report in addition to that already illustrated in previous paragraphs.

[25] In particular, these are contingent liabilities (Art. 11 of the Regulation), intangible assets (Art. 12), participations (Art. 13), financial liabilities (Art. 14), deferred taxes (Art. 15) and technical provisions (Chapter III of the Regulation).

E

CAPITAL
MANAGEMENT

E Capital management

E.1 Own funds

E.1.1 Introduction

Own funds (OF) represent the financial resources steadily acquired by the Group and available to it to absorb losses and to overcome risks generated by business activities on a going concern basis.

The Directive divides available Own Funds into basic OF and ancillary OF.

The basic OF are formed from the surplus of assets over liabilities, both measured at fair value pursuant to Art. 75 of the Directive, and subordinated liabilities. The elements are classified in 3 tiers (Tier 1, Tier 2 and Tier 3) based on the technical characteristics and the objectives of stability and loss absorption.

Note that, among the Tier 1 elements, the reconciliation reserve is equal to the amount representing the total excess of assets over liabilities, less the value of:

- own shares of the parent company;
- expected dividends;
- Tier 2 and Tier 3 own funds;
- Tier 1 elements other than the reconciliation reserve;
- the excess of own funds over and above the notional SCR of Ring Fenced Funds;
- other own funds not available to the Group[26].

Pursuant to Art. 330 of the Regulation, subsequent to the identification of basic own funds, it is necessary to evaluate whether specific own funds eligible for covering the solvency capital requirement of an investee company may be made effectively available to cover the group's solvency capital requirement.

The basic own funds which, following this evaluation, are actually unavailable to cover the Group's solvency capital requirement are calculated within the group's own funds for a maximum amount equal to the contribution of the issuing company to the Group's SCR.

The ancillary OF, not present at 31 December 2022, are the elements other than basic that can be used to absorb losses. The above category can include:

- share capital or initial funding not paid and not called;
- letters of credit and guarantees;
- any other legally binding commitment received by the Group Companies.

These elements, whose inclusion among ancillary OF is subject to Supervisory Authority approval, cannot be calculated in Tier 1 and are not eligible for MCR cover.

In order to obtain the own funds eligible to cover the SCR and the MCR, the available own funds are restated in accordance with the eligibility criteria.

The eligibility limits used are those established in Art. 82 of the Regulation, which envisages the following criteria to meet the Solvency Capital Requirement (SCR):

- the Tier 1 percentage must be at least 50% of the SCR;
- the total of Tier 3 elements must be less than 15% of the SCR;
- the sum of Tier 2 and Tier 3 elements cannot be higher than 50% of the SCR.

Within the above limits, Tier 1 subordinated liabilities (defined as "Tier 1 restricted") cannot exceed 20% of the total Tier 1 elements. The elements that should be included in the upper Tiers, but are in excess of the above limits, can be reclassified to the lower Tiers until those lower Tiers are completely saturated.

As regards compliance with the Minimum Capital Requirement (MCR), the eligibility limits used are the most stringent established in the Regulation:

[26] This category includes any assets not considered eligible for SCR cover based on specific Supervisory Authority instructions.

- the Tier 1 percentage must be at least 80% of the MCR;
- the total of Tier 2 elements, therefore, cannot be higher than 20% of the MCR.

Own funds classifiable as Tier 3 are eligible as MCR cover.

E.1.2 Capital management policy

The capital management strategies and objectives of the Group and of each Company are set out in the "Capital Management and Dividend Distribution Policy", which describes the reference framework and process for capital management and dividend distribution also in terms of the roles and responsibilities of the players involved. The document also identifies the principles for capital management and dividend distribution or other elements of own funds, consistent with the objectives of return on capital and with the risk appetite defined by the Board of Directors.

The general aims pursued by the "Capital Management and Dividend Distribution Policy" are:

- ex ante definition of the return objectives on allocated capital, consistent with the profitability objectives and in line with the risk appetite;
- maintain a sound and efficient capital structure, considering growth targets and risk appetite;
- outline the capital management process for the definition of procedures to ensure, inter alia, that:
  - the elements of own funds, both at the time of issue and subsequently, satisfy the requirements of the applicable capital regime and are correctly classified;
  - the terms and conditions for each element of own funds are clear and unequivocal;
- define in advance a sustainable flow of dividends, in line with the profit generated, available cash and the risk appetite, also identifying and documenting any situations in which the distributions of elements of own funds can be cancelled or postponed;
- outline the dividend distribution process for the definition of procedures to guarantee a solid and efficient capital structure, considering that growth targets and profitability objectives are in line with the risk appetite;
- define the roles, responsibilities and reporting in relation to capital management and the distribution of dividends or other elements of own funds.

The capital management and dividend distribution process is divided into five steps, in close relation with other corporate processes:

- final measurement of available capital and the capital required;
- formulation of the medium-term capital management plan;
- operating monitoring and reporting;
- management actions on capital;
- distribution of dividends or other elements of own funds.

E.1.3 Information on available and eligible own funds

The table below illustrates the position for the Group's available and eligible own funds, divided into the Tiers, showing the changes occurring between 31 December 2021 and 31 December 2022.

Amounts in €k	31/12/2021	Issued	Redeemed	Movements in valuation	Regulatory action and other movements	31/12/2022
Total available own funds to meet the SCR	9,726,927		(443,550)	(91,370)		9,192,007
of which tier 1 unrestricted	*7,892,850*		*(363,100)*	*82,207*		*7,611,958*
of which tier 1 restricted	*1,310,880*		*(80,451)*	*(96,507)*		*1,133,922*
of which tier 2	*490,438*			*(65,390)*		*425,048*
of which tier 3	*32,759*			*(11,680)*		*21,079*
Adjustments for eligibility restrictions						
of which tier 1 unrestricted						
of which tier 1 restricted						
of which tier 2						
of which tier 3						
Total eligible own funds to meet the SCR	9,726,927		(443,550)	(91,370)		9,192,007
of which tier 1 unrestricted	*7,892,850*		*(363,100)*	*82,207*		*7,611,958*
of which tier 1 restricted	*1,310,880*		*(80,451)*	*(96,507)*		*1,133,922*
of which tier 2	*490,438*			*(65,390)*		*425,048*
of which tier 3	*32,759*			*(11,680)*		*21,079*

Taking into account that the Group has no ancillary OF, the own funds available as SCR cover coincide with the basic own funds.

Details are provided below of the annual changes in elements of the basic own funds, broken down by Tier:

Annual movements on basic own funds

Amounts in €k	31/12/2021	Issued	Redeemed	Movements in valuation	Regulatory action and other movements	31/12/2022
Paid-in ordinary share capital	3,365,292					3,365,292
Share premium account related to ordinary share capital	1,250,061					1,250,061
Reconciliation reserve	4,205,994		(363,100)	81,545		3,924,439
Other own fund items approved by the supervisory authority as basic own funds						
Own funds which are not available because of transferability, fungibility and minority interest (insurance sector)	(928,496)			66,680		(861,817)
Deduction of participations in financial and credit institutions	(1,825,295)			(161,468)		(1,986,764)
Total "Tier 1 unrestricted" insurance sector	**6,067,555**		**(363,100)**	**(13,244)**		5,691,212
Own funds relating to participations in financial and credit institutions	1,825,295			95,451		1,920,746
Total "Tier 1 unrestricted" financial sector	**1,825,295**			**95,451**		1,920,746
Total "Tier 1 unrestricted"	**7,892,850**		**(363,100)**	**82,207**		7,611,958
Called up but unpaid ordinary share capital						
Subordinated liabilities	1,458,972		(80,451)	(123,361)		1,255,160
Own funds which are not available because of transferability, fungibility and minority interest (insurance sector)	(148,092)			26,854		(121,238)
Total "Tier 1 restricted"	**1,310,880**		**(80,451)**	**(96,507)**		1,133,922
Subordinated liabilities	545,843			(75,350)		470,493
Own funds which are not available because of transferability, fungibility and minority interest (insurance sector)	(55,405)			9,960		(45,446)
Total "Tier 2"	**490,438**			**(65,390)**		425,048
Subordinated liabilities						
Net deferred tax assets	35,038			(10,806)		24,232
Own funds which are not available because of transferability, fungibility and minority interest (insurance sector)	(2,279)			(874)		(3,153)
Total "Tier 3"	**32,759**			**(11,680)**		21,079
Total basic own funds	**9,726,927**		**(443,550)**	**(91,370)**		9,192,007

On the whole, a decrease in basic own funds of €534,920k was recorded, attributable primarily to:

- the decrease in the reconciliation reserve for €281,555k, of which €363,100k relating to the amount of expected dividends for 2022;
- the reduction in subordinated liabilities for a total of €279,162k (of which €203,812k of the Tier 1 restricted type and €75,350k of the Tier 2 type), due largely to the change in the market value of subordinated loans and partly to the repayment of said liabilities made during the year, as commented on in the paragraphs below.

For a description of the breakdown and changes in the main items making up the reconciliation reserve, please refer to the dedicated paragraph.

For more information concerning trends in own funds relating to participations in financial and credit institutions, please refer to the section "Own funds gross of adjustments for transferability and fungibility - financial sector".

Composition and characteristics of the Group's own funds

Basic own funds gross of adjustments for transferability and fungibility - insurance sector

The individual elements of the Group's own funds and the relative classification in Tiers are commented on below.

The ordinary share capital and share premium reserve correspond to the amounts paid in by the shareholders of the parent company Unipol Gruppo SpA. Based on their level of stability and their loss absorption capacity, they qualify as "Tier 1 unrestricted" own funds.

The reconciliation reserve, based on Art. 69 of the Regulation, represents the residual amount of the Group's own funds eligible as an element of Tier 1 unrestricted own funds, determined by making suitable adjustments to the total obtained as the difference between assets and liabilities recorded in the MCBS. Details of the calculation of the reconciliation reserve are provided below.

Reconciliation reserve

Amounts in €k	Tier 1 unrestricted 2022	Tier 1 unrestricted 2021
Excess of assets over liabilities from MCBS (A)	8,934,564	9,182,238
Own shares (held directly and indirectly) (B)	5,148	1,335
Foreseeable dividends, distributions and charges (C)	363,100	322,672
Other basic own fund items (D)	4,639,585	4,650,391
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds (E)		
Other non available own funds (F)	2,292	1,846
Reconciliation reserve (A-B-C-D-E-F)	**3,924,439**	**4,205,994**

To determine the reconciliation reserve, the following adjusting items were deducted from the amount obtained as the difference between assets and liabilities set forth in the MCBS:

- the item "Other basic own fund items" (€4,639,585k at 31/12/2022 with respect to €4,650,391k at 31/12/2021), which includes the amount of the share capital paid in and the share premium reserve autonomously classified as Tier 1 unrestricted (€4,615,353k at 31/12/2022, unchanged from 31/12/2021) and the total Tier 3 own funds (€24,232k at 31/12/2022 compared to €35,038k at 31/12/2021), corresponding to the value of deferred tax assets the recoverability of which depends on future income;
- the total of own shares held directly and indirectly by the parent company (€5,148k at 31/12/2022, compared to €1,335k at 31/12/2021);
- the amount of dividends, distributions and foreseeable charges (€363,100k at 31/12/2022, compared to €322,672k at 31/12/2021);
- the amount of other own funds not available. This category (€2,292k at 31/12/2022 compared to €1,846k at 31/12/2021) includes the assets present in the MCBS which, in application of regulatory provisions, were not considered for the coverage of the Solvency Capital Requirement.

Included in the available Tier 1 restricted own funds are the subordinated liabilities indicated below, totalling €1,255,160k. Please note that the subordinated liabilities recognised in this category on the basis of the transitional provisions set forth in Art. 308-ter of the Directive amounted to €835,680k (Hybrid 5.75% UNIPOLSAI PERP. 750M and Subordinated TV UNIPOLSAI 2023 400M).

Subordinated liabilities - Tier 1

Amounts in €k	Issue date	Maturity date	Next call date	Further call dates	Nominal issue value	SII Value (accrued interests included)
Subordinated TV UNIPOLSAI 2023 400M*	24.07.2003	24.07.2023	24.01.2023	-	80,000	81,079
Hybrid 5,75% UNIPOLSAI PERP. 750M	18.06.2014	undated	18.06.2024	Every 3 months	750,000	754,601
RT1 6,375% UNIPOLSAI PERP. C	27.10.2020	undated	27.04.2030	Every 6 months	500,000	419,480
Total					1,330,000	1,255,160

* The contract provides for repayment in 5 constant installments, starting from the sixteenth year of issue and subject to authorization by IVASS.

The fourth tranche was repaid in July 2022, for an amount of €80,000k plus interest, of the Tier 1 restricted subordinated loan for an original €400m, expiring on 24 July 2023, in implementation of the repayment plan authorised by IVASS.

The Group's Tier 2 available own funds amounted to €470,493k and are composed of a single subordinated loan, whose characteristics are summarised in the following table.

Subordinated liabilities - Tier 2

Amounts in €k	Issue date	Maturity date	Next call date	Further call dates	Nominal issue value	SII Value (accrued interests included)
Subordinated 3,875% UNIPOLSAI 2028 500M	01.03.2018	01.03.2028	-	-	500,000	470,493
Total					500,000	470,493

All subordinated and hybrid loans noted above were issued by the subsidiary UnipolSai Assicurazioni SpA and constitute the total amount of the item "Subordinated liabilities in basic own funds" recognised in the Group's MCBS.

The amount of net deferred tax assets in "Tier 3" was equal to €24,232k at 31 December 2022 with respect to a value of €35,038k in the previous year.

Own funds gross of adjustments for transferability and fungibility - financial sector

As illustrated in chapter A, in order to calculate the capital adequacy, the Group uses method 1 (standard method based on the consolidated financial statements) as defined in Art. 230 of the Solvency II Directive and Art. 335 of the Regulation.
In application of this methodology, financial sector entities are consolidated synthetically based on the interest held by the Parent Company in the own funds of such companies calculated by applying the relative reference regulation.

At 31 December 2022, the financial entities in the Unipol Group are the subsidiaries UnipolSai Investimenti Sgr, UnipolReC SpA and UnipolPay SpA and the associate BPER Banca SpA.
The fraction pertaining to the Unipol Group of the own funds relating to BPER Banca SpA (determined on a sub-consolidated basis) was equal to €1,577,452k (€1,362,804k at 31/12/2021). The change reflects the increase recorded by own funds of the investee as a result especially of the extraordinary transactions carried out during the year, described in Chapter A of this report.
The portion pertaining to the Unipol Group of own funds relating to UnipolSai Investimenti Sgr, UnipolReC SpA and UnipolPay SpA (determined on an individual basis) was equal to €14,478k (€13,761k at 31/12/2021), €380,463k (€429,553k at 31/12/2021) and €14,370k (€19,178k at 31/12/2021), respectively.

Taking into account the fact that the participations held by the Group in such entities refer exclusively to Common Equity Tier 1 instruments (CET1, based on applicable sector regulations - "Basel III"), the relative own funds were classified in the corresponding "Tier 1 unrestricted" category set forth in the Solvency II regulation.

Adjustments for limits of transferability and fungibility and for non-controlling interests

As mentioned above, subsequent to the identification of basic own funds described in the previous paragraph, it is necessary to evaluate whether specific own funds eligible for covering the solvency capital requirement of an investee insurance or reinsurance company or an insurance holding company or a mixed financial holding company may be made effectively available to cover the group's solvency capital requirement (Art. 330 of the Regulation).

The Unipol Group determines the unavailable own funds at consolidated level by adding, for each investee, the positive difference between:

i) the amount of own funds of the individual investees that do not meet the conditions of free transferability and fungibility pursuant to par. 1 of Art. 330 of the Regulation. In particular, the unavailable own funds of the individual investee insurance companies were determined by deeming the own funds consisting of subordinated liabilities and net deferred tax assets not transferable/interchangeable;
ii) the contribution of each investee entity to the group's solvency requirement determined pursuant to paragraph 6 (a) of Art. 330 of the Regulation.

Lastly, Art. 330, paragraph 4 of the Regulation establishes that the following is deducted from consolidated own funds:

i) an amount equal to the minority interests held by third parties in subsidiary insurance or reinsurance companies, insurance holding companies or mixed financial holding companies that are subsidiary companies of the parent company exceeding the contribution of each subsidiary company to the group's solvency capital requirement;
ii) all minority interests in subsidiary ancillary services undertakings.

With reference to the investee entities in the financial sector, the sum of the following elements was considered available at the level of the holding company Unipol Gruppo SpA:

i) minimum level of the capital requirement of the financial entities, determined on a sub-consolidated basis (with reference to BPER Banca SpA) and an individual basis (with reference to UnipolSai Investimenti Sgr, UnipolReC SpA and UnipolPay SpA) on the basis of the applicable regulations;
ii) excess share of own funds of the individual entities with respect to the minimum limits pursuant to point 1) within the limits in which such excess amounts consist of own funds that are actually transferable within the Unipol Group.

The table below summarises, with reference to 31 December 2022, the results of the calculation steps completed to determine the share of own funds deducted due to the lack of transferability and fungibility requirements as well as with reference to the minority interests not eligible for calculation described just above.

Own funds which are not available because of transferability, fungibility and minority interest

Amounts in €k	Basic own funds before adjustments for transferability and fungibility	Adjustments for transferability and fungibility	Adjustments for minority interests of subsidiaries exceeding the relative contribution to Group's SCR	Own funds ("available") 2022
Tier 1 unrestricted	6,553,029		(861,817)	5,691,212
Tier 1 restricted	1,255,160		(121,238)	1,133,922
Tier 2	470,493		(45,446)	425,048
Tier 3	24,232		(3,153)	21,079
Totale OF Insurance Sector	**8,302,914**		**(1,031,653)**	7,271,261
Tier 1 unrestricted	1,986,764	(66,018)		1,920,746
Total OF Financial Sector	**1,986,764**	**(66,018)**		1,920,746
Total OF	**10,289,678**	**(66,018)**	**(1,031,653)**	9,192,007

Eligible own funds

As stated in the introduction, in order to identify the total eligible own funds to cover the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR), it is necessary to apply the rules of Art. 82 of the Regulation to the available own funds relating to the insurance sector.
The following table illustrates the structures and amounts of OF to meet SCR and MCR, determined for 2022, in comparison with the same data for the year ended at 31 December 2021.

Available and eligible own funds to meet the SCR

Amounts in €k	Available own funds	Adjustments for eligibility	Eligible own funds 2022	Eligible own funds 2021
Tier 1 unrestricted	5,691,212		5,691,212	6,067,555
Tier 1 restricted	1,133,922		1,133,922	1,310,880
Tier 2	425,048		425,048	490,438
Tier 3	21,079		21,079	32,759
Total OF Insurance sector	7,271,261		7,271,261	7,901,632
Tier 1 unrestricted	1,920,746		1,920,746	1,825,295
Total OF Financial Sector	**1,920,746**		1,920,746	1,825,295
Total OF	**9,192,007**		9,192,007	9,726,927
Total SCR			4,591,379	4,551,621
Surplus/(shortage)			4,600,628	5,175,306

Available and eligible own funds to meet the MCR

Amounts in €k	Available own funds	Adjustments for eligibility	Eligible own funds 2022	Eligible own funds 2021
Tier 1 unrestricted	5,691,212		5,691,212	6,067,555
Tier 1 restricted	1,133,922		1,133,922	1,310,880
Tier 2	425,048	(80,297)	344,750	341,868
Total OF	7,250,182	(80,297)	7,169,885	7,720,303
Total MCR			1,723,752	1,709,342
Surplus/(shortage)			5,446,133	6,010,962

As shown in the above tables, own funds available at 31 December 2022 are fully eligible to cover the SCR. With regard to the MCR cover, however, for which the Regulation imposes stricter eligibility rules, there was a decrease in eligible own "Tier 2" funds.

The amount of net deferred tax assets recognised as own funds eligible to cover the SCR is equal to €21,079k.

Reconciliation with shareholders' equity from the consolidated financial statements

The MCBS at 31 December 2022 shows that assets exceeded liabilities by €8,934,564k (€9,182,238k at 31/12/2021), €1,272,281k higher (€539,311k lower at 31/12/2021) than the shareholders' equity recorded in the consolidated financial statements at the same date. This difference is due:

- to the different methods for treating, between MCBS and the consolidated financial statements, own shares and the RT1 regulatory capital instrument issued in October 2020;

- to the different methods of consolidation of the investee entities of the parent company Unipol Gruppo SpA adopted to prepare the consolidated financial statements with respect to those used for the preparation of the MCBS, as already reported in chapter D;
- to the different valuation of shareholders' equity components.

The table below provides the reconciliation between consolidated shareholders' equity in the IFRS financial statements and shareholders' equity in the MCBS.

Statement of reconciliation between Financial Statements and MCBS Shareholders' equity

		2022	2021
A	**Shareholders' equity (Financial Statements)**	**7,662,283**	9,721,549
B	Adjustments for reclassification of shareholders' equity items	(490,662)	(495,014)
	Own shares qualified as asset in the MCBS and as an adjustment to shareholders' equity in the IFRS Consolidated Financial Statements	5,499	*1,147*
	RT1 capital instruments qualified as shareholders' equity in the IFRS Consolidated Financial Statements and as liabilities in the MCBS	(496,161)	*(496,161)*
C	Adjustments for different consolidation methods	(217)	(196)
D	Adjustments by assets/liabilities type	1,763,160	(44,101)
	Intangible assets	(2,326,625)	*(2,155,406)*
	Properties and tangible assets for investment and for own use	594,729	*457,824*
	Other financial investments	(531,754)	*635,097*
	Non-life technical provisions	2,636,639	*1,990,106*
	Non-life reinsurance recoverables	(206,087)	*(151,338)*
	Life technical provisions	2,389,074	*(284,862)*
	Life reinsurance recoverables	(32,719)	*(31,713.1)*
	Financial Liabilities	421,369	*(90,432)*
	Other assets	549	*1,088*
	Deferred taxes	(1,182,014)	*(414,465)*
E=A+B+C+D	**Shareholders' equity (MCBS)**	**8,934,564**	**9,182,238**

Section D above illustrates the valuation criteria adopted for preparation of the MCBS, as well as more detailed quantitative information on the comparison with financial statements values.

Methods for eliminating intra-group transactions for the calculation of Own Funds

The Group determines the Consolidated MCBS in compliance with Art. 335 of the Regulation which, particularly with reference to the Unipol Group companies, establishes that the consolidated figures include:

i. full consolidation of the data of all participations in insurance or reinsurance companies, non-EU insurance or reinsurance companies, insurance holding companies, mixed financial holding companies and ancillary services undertakings;

ii. synthetic consolidation, based on the proportional share of own funds of the company calculated pursuant to the pertinent sector regulations, relating to participations in credit institutions and financial institutions;

iii. synthetic consolidation in compliance with Art. 13 of the Regulation, of all investee companies other than those mentioned in the previous points.

The methods of eliminating intra-group transactions were applied in line with ordinary consolidation techniques adopted to prepare the Consolidated Financial Statements (IFRS 10 and IAS 28), taking into consideration the different scope of consolidation as described above.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

As already mentioned, the Group calculates its Solvency Capital Requirement on the basis of the Partial Internal Model, without adopting the simplified calculations permitted by regulations. As part of the risk assessment carried out using the Partial Internal Model, the Group quantifies, through the Standard Formula and use of the Group Specific Parameters (GSP), the Non-Life premium and reserve risks for the lines of business (i) Motor vehicle liability (ii) General liability and (iii) Fire and other damage to property.

The valuations were performed by applying the Volatility Adjustment (VA) as the long-term measurement envisaged in the Solvency II regulations, the precise value of which as communicated by EIOPA at the reference date of 31 December 2022 was 19 basis points.

The SCR total for the Group at the end of the reference period was €4,591,379k , up by €39,758 k compared to the SCR relating to 31 December 2021. Please refer to Chapter C for further comments on the changes in the individual risk modules.
The MCR total for the Group at the end of the reference period was €1,723,752k; this amount is calculated according to the specifications defined in Art. 248 of the Regulation.
The amount of the SCR for each risk category established for the Partial Internal Model is shown below along with a comparison with the data relating to 31 December 2021:

SCR - Partial Internal Model

Amounts in €k

Risk Modules	2022	2021	Change on 2021
Non-life and health underwriting risk	2,221,120	2,070,029	151,091
Life underwriting risk	491,197	371,135	120,062
Market risks	2,846,368	2,916,432	(70,064)
Credit risk	383,428	327,956	55,473
Diversification	(1,808,920)	(1,551,711)	(257,208)
BSCR	**4,133,194**	**4,133,840**	**(646)**
Operational risk	481,306	525,509	(44,203)
Adjustment for loss-absorbency capacity of technical provision (ALAC TP)	(1,053,282)	(709,621)	(343,661)
Adjustment for loss-absorbency capacity of deferred taxes (ALAC DT)	(802,921)	(885,217)	82,296
SCR of unregulated companies not belonging to the insurance group	111,927	112,421	(495)
Out of scope undertakings's SCR	338,646	346,973	(8,328)
Conservative margin relating to the spread model	59,000		59,000
Model Adjustment relating to the surrender risk	8,180	4,949	3,230
Solvency capital requirement - Insurance sector	**3,276,048**	**3,528,855**	**(252,807)**
Solvency capital requirement - Credit and financial sector	**1,315,331**	**1,022,766**	**292,565**
SCR	**4,591,379**	**4,551,621**	**39,758**

It should be noted that the total amount recorded with reference to ALAC DT was €805,188k, of which €802,921k shown in row "ALAC DT" and €2,267k included in the item "Model Adjustment".

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

The Group does not use the equity risk sub-module pursuant to Art. 304 of the Regulation to calculate the SCR.

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

Following the authorisation received from the Supervisory Authority, the Group calculates its Solvency Capital Requirement using a Partial Internal Model (PIM) in order to more adequately assess the real risk profile of the Group with respect to the standard formula.
To provide a more complete representation of the risk profile, the Group has adopted risk classification criteria somewhat different from those proposed by the Standard Formula, which is the method used to calculate the Solvency Capital Requirement ("SCR") for companies that have not developed an internal model. In particular, with regard to market risk, as part of the PIM, the Group also considers the risks relating to the volatility of share prices and interest rates.
For the risk modules not included within the PIM, the Standard Formula is used, with the application of parameters specific to the Group ("Group Specific Parameters" or "GSP") to calculate the Premium and Reserve Risk for the following Lines of Business ("LoB"):

- Segment 1, Proportional insurance and reinsurance on TPL resulting from the circulation of vehicles, comprising Lines of Business 4 and 16 as defined in Annex I to the Regulation. This segment is also referred to as "Motor third-party liability" or "Motor vehicle liability" or the acronym MVL;
- Segment 4, Proportional insurance and reinsurance against fire and other damage to property, comprising Lines of Business 7 and 19 as defined in Annex I to the Regulation. This segment is referred to as "Fire and other property damage" or "Fire and other Damage to Property" or the acronym FDP;
- Segment 5, Proportional insurance and reinsurance on general third-party liability, comprising Lines of Business 8 and 20 as defined in Annex I to the Regulation. This segment is also referred to as "Third-party liabilities" or "General liability" or the acronym GLI.

In addition, within the Partial Internal Model the Group also assesses the following risks using the Standard Formula (Market Wide):

- market concentration risk;
- the Credit risk exposure to residual counterparties for which no information has at present been obtained for PIM modelling;
- the Health and Non-Life Catastrophe risks other than Earthquake risk;
- the Non-Life and Health premium and reserve risks for lines of business other than those indicated previously;
- Non-Life and Health surrender risk;
- Life business catastrophe risk;
- Operational risk;
- all Market risks and all Life underwriting risks in reference to index-linked policies, unit-linked policies and pension funds.

The risk aggregation process calls for a bottom-up approach and may be broken down into two phases:

- aggregation of the risk sub-modules that make up the Market, Non-Life and Health, Life and Credit risks;
- aggregation of the Market, Non-Life and Health, Life and Credit risk modules.

The aggregation of the sub-modules involves three distinct approaches:

- joint sampling of risk factors;
- aggregation by means of the Var-Covar method with a posteriori determination of the Probability Distribution Forecast ("PDF");
- aggregation of multiple marginal distributions through copula functions.

More specifically:

- the joint sampling is a risk aggregation method involving the direct calculation of PDF values subject to the occurrence of scenarios with multiple variations of the risk factors in question. This approach allows projection of the Group's MCBS against the set of joint scenarios identified, and subsequent determination of the distribution of the probability of profit and losses aggregated over a time horizon consistent with the holding period of the risk assessment;
- the Var-Covar method is used to aggregate the components of the model adopting the Standard Formula with the components valued using the Internal Model. The main objective is to aggregate the Standard Formula component with the Internal Model component, preserving the PDF-related information;
- when at one point in the PIM aggregation hierarchy two or more empiric distributions meet, these distributions are aggregated using the copula functions. This aggregation method allows the determination of a joint distribution formed by two or more marginal distributions, and to subsequently sample the variable sum distribution.

After determining the PDFs for each risk model (Market PDF, Non-Life PDF, Credit PDF, Life PDF), they are aggregated through:
- determination of a Proxy PDF through scenario-to-scenario association of empiric margins;
- determination of the PDF by means of a Gaussian copula.

This process determines the joint PDF for the four risk modules, considered indispensable in order to adequately capture the Group's risk profile taking into account the dependencies between the various risks.

The loss recorded at the 99.5th percentile of the joint PDF represents the BSCR value of the Group.

The Solvency Capital Requirement is obtained by adding the components relating to Operational risk, the risk relating to Ring Fenced Funds, the components relating to adjustments for loss-absorbing capacity of technical provisions and deferred tax assets and liabilities, the capital requirement of companies not belonging to the insurance group and not regulated, the capital requirement of out of scope undertakings, as well as the model adjustment defined by the Supervisory Authority and the capital requirement of the financial sector to the BSCR.

The reasons for which it is considered that the PIM offers a more suitable representation of the Group's risk profile than the Standard Formula are provided below.

Life underwriting risk
The Internal Model measures Life business underwriting risk more accurately than the Standard Formula, mainly for the following reasons:
- it allows a maximum loss calculation based on scenarios calibrated on the specific portfolio of the Group, through actual analysis of the trend in Life underwriting risk factors. Whilst the Standard Formula adopts a scenario-based approach with scenarios predefined and calibrated on the European market situation, the Internal Model determines the maximum loss to which the Group could be exposed based on changes in the Life underwriting risk factors;
- it uses more granular and specific actuarial scenarios, defined on the basis of the risk characteristics of the Group's policies portfolio. Unlike the Standard Formula, in which scenarios for each Life underwriting risk are unambiguous for all product classes, in the PIM the scenarios that determine the Group's maximum loss are differentiated on the basis of standardised product classes;
- it allows periodic updating of the scenarios relating to each risk factor. In fact, with the PIM, the scenarios that determine the maximum loss are updated quarterly;
- it allows a more suitable valuation of the effects of mitigation deriving from the management strategies of financial portfolios underlying the Life insurance policies;
- it facilitates the use test, guaranteeing consistency with the assumptions and models used in the business valuations.

Market risks
The Internal Model measures the market risks of the Group's financial instruments more accurately than the Standard Formula, mainly for the following reasons:
- it allows more accurate measurement of the market risks, determining the maximum loss on the basis of effective changes in the total portfolio value against a combination of risk factors and not through the parameter-based approaches defined in the Standard Formula;

- it uses more granular and specific risk factors, defined on the basis of the risk characteristics of the financial instruments portfolio currently held by the Group;
- it allows constant calibration updating of the models that generate stochastic financial scenarios relating to risk factors identified on the basis of market developments, whilst these scenarios remain static in the Standard Formula;
- it allows calculation of the spread risk by applying stochastic financial scenarios calibrated on historical data and determination of the effective change in the asset value rather than using the parameter-based method envisaged in the Standard Formula;
- it allows calculation of the property risk on the basis of scenarios calibrated on indices representing the Italian real estate market, rather than indices calibrated on the European-UK markets, given the diversity characterising the different markets;
- it allows benefits of diversification between the market risk factors to be captured, based on historically verified correlations. For example, with reference to equity risk, the Internal Model considers the values of sector indices representing individual shares as risk factors, allowing benefits deriving from a diversified portfolio to be captured;
- from a use test point of view, it allows a risk measurement tool to be used that allows continuous comparison with the operating departments that manage the investment portfolios, using logics shared with the lines of business. It combines the need for strict capital at risk measurement with the need to have an operating decision-making support tool to optimise the risk/return parameters of the portfolio.

The Market risk module of the Group's Internal Model includes the following sub-modules not envisaged by the Standard Formula:
- Equity volatility risk, i.e. the risk of a potential negative change in the value of available capital due to changes in the volatility of the equity instruments;
- Interest rate volatility risk, i.e. the risk of a potential negative change in the value of available capital due to changes in the volatility of the interest rate derivative instruments.

Credit risk

The Internal Model quantifies the maximum loss of all exposures for which specific financial information can be identified or the degree of risk determined based on historical information obtained internally. For such counterparties it is therefore possible to identify the specific risk parameters. Vice versa, the weighted averages envisaged in the Standard Formula do not allow the use of accurate information that distinguishes the counterparties analysed.
The decision to adopt the Internal Model to calculate the capital requirement for credit risk was, in addition to the purpose of accurately capturing the risk profile of exposures, also dictated by the need - for certain types of exposure - to envisage weightings in line with the effective level of risk detected.
The Internal Model provides the results necessary to fully characterise the Group's risk profile. In particular, the model calculates the entire distribution of losses, highlighting any concentration effects. These aspects are also set out on the basis of the business segment (Life, Non-Life) and the types of credit making up the Group's exposure: exposure to banks, insurance companies, co-insurers, reinsurers, insurance intermediaries (agencies and brokers), policyholders and other receivables.

Earthquake risk

The Internal Model measures Non-Life business earthquake risk more accurately than the Standard Formula, mainly because:
- it allows more granular geo-referencing of the Group's risks in a given area and a specific assessment of the risk mitigation effect guaranteed by the policy terms and conditions (deductibles, reimbursement limits, non-coverage). In addition, the modular composition allows separate assessment of the seismic dangers of a given area and the vulnerability of the assets insured, the latter assessed on the basis of construction, property usage, year of construction and building height characteristics;
- facilitate the use test by adopting models more aligned to those used by the business. In particular, the model is used, aside from for the calculation of the earthquake SCR, to support the pricing of Standardised Products and Corporate Risks, as well as valuation of the reliable estimate of losses if a seismic event occurs (post-event analysis);
- to measure the reinsurance purchasing capacity for the catastrophe treaties and to estimate the related cost.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

At no time during the year did the Group fail to meet its Solvency Capital Requirement or its Minimum Capital Requirement.

E.6 Any other information

There is no significant additional information to report on the Group's capital management.

Bologna, 28 April 2023

The Board of Directors

QRT MODELS

S.02.01.02
Balance sheet

		Solvency II
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	24,232
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	2,845,454
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	51,586,333
Property (other than for own use)	R0080	2,739,459
Holdings in related undertakings, including participations	R0090	2,496,122
Equities	R0100	2,083,558
Equities - listed	R0110	1,810,980
Equities - unlisted	R0120	272,578
Bonds	R0130	39,805,921
Government Bonds	R0140	25,512,575
Corporate Bonds	R0150	14,058,901
Structured notes	R0160	234,445
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	4,135,202
Derivatives	R0190	274,033
Deposits other than cash equivalents	R0200	52,039
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	8,785,244
Loans and mortgages	R0230	573,661
Loans on policies	R0240	11,609
Loans and mortgages to individuals	R0250	486,483
Other loans and mortgages	R0260	75,569
Reinsurance recoverables from:	R0270	613,547
Non-life and health similar to non-life	R0280	623,147
Non-life excluding health	R0290	574,186
Health similar to non-life	R0300	48,961
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	(9,600)
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	(9,600)
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	113,922
Insurance and intermediaries receivables	R0360	1,580,023
Reinsurance receivables	R0370	61,778
Receivables (trade, not insurance)	R0380	232,595
Own shares (held directly)	R0390	5,148
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	1,749,524
Any other assets, not elsewhere shown	R0420	3,682,798
Total assets	R0500	71,854,258

		Solvency II
Liabilities		
Technical provisions – non-life	R0510	12,285,674
Technical provisions – non-life (excluding health)	R0520	11,114,987
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	10,658,213
Risk margin	R0550	456,774
Technical provisions - health (similar to non-life)	R0560	1,170,686
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	1,111,518
Risk margin	R0590	59,168
Technical provisions - life (excluding index-linked and unit-linked)	R0600	32,942,606
Technical provisions - health (similar to life)	R0610	
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	32,942,606
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	32,565,914
Risk margin	R0680	376,692
Technical provisions – index-linked and unit-linked	R0690	8,586,983
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	8,508,524
Risk margin	R0720	78,459
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	593,761
Pension benefit obligations	R0760	71,947
Deposits from reinsurers	R0770	136,762
Deferred tax liabilities	R0780	578,921
Derivatives	R0790	147,214
Debts owed to credit institutions	R0800	195,166
Financial liabilities other than debts owed to credit institutions	R0810	3,324,519
Insurance & intermediaries payables	R0820	249,467
Reinsurance payables	R0830	89,332
Payables (trade, not insurance)	R0840	427,383
Subordinated liabilities	R0850	1,725,653
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	1,725,653
Any other liabilities, not elsewhere shown	R0880	1,564,308
Total liabilities	R0900	62,919,694
Excess of assets over liabilities	R1000	8,934,564

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	R0110	900,679	749,160		2,983,896	894,398	174,631	1,321,758	770,980	58,921	97,411	238,432	113,818					8.304.084
Gross - Proportional reinsurance accepted	R0120	784			76,910	14,062	4,958	23,024	4,398	11			301					124,448
Gross - Non-proportional reinsurance accepted	R0130													512	63,613	7	9,668	73,800
Reinsurers' share	R0140	6,657	63,740		40,051	10,321	113,201	109,214	31,729	32,167	74,432	1	32,154	43	4,474		5,994	524,177
Net	R0200	894,806	685,420		3,020,755	898,140	66,388	1,235,567	743,649	26,765	22,979	238,431	81,964	469	59,139	7	3,675	7,978,154
Premiums earned																		
Gross - Direct Business	R0210	877,142	712,923		3,015,941	858,395	177,506	1,305,496	764,233	54,563	94,334	231,650	108,277					8,200,460
Gross - Proportional reinsurance accepted	R0220	514			77,845	13,946	4,598	21,038	3,854	32			447					122,276
Gross - Non-proportional reinsurance accepted	R0230													504	62,818	7	10,875	74,205
Reinsurers' share	R0240	5,161	56,529		45,271	10,330	114,805	109,899	32,270	29,316	72,870	1	33,373	43	4,343		7,969	522,179
Net	R0300	872,496	656,394		3,048,515	862,011	67,300	1,216,635	735,818	25,279	21,464	231,649	75,351	461	58,475	7	2,906	7,874,762
Claims incurred																		
Gross - Direct Business	R0310	506,163	316,856		2,040,756	530,741	122,301	703,828	117,615	(17,630)	15,458	80,455	42,530					4,459,074
Gross - Proportional reinsurance accepted	R0320	950	(25)		85,730	21,758	7,558	14,304	(1,022)	(642)			325					128,936
Gross - Non-proportional reinsurance accepted	R0330													543	51,018	194	27,486	79,240
Reinsurers' share	R0340	441	1,451		20,185	28,879	82,269	23,503	5,469	(7,688)	14,748		(1,176)		(45)		5,403	173,439
Net	R0400	506,672	315,381		2,106,301	523,620	47,590	694,629	111,124	(10,583)	709	80,455	44,031	543	51,063	194	22,083	4,493,811
Changes in other technical provisions																		
Gross - Direct Business	R0410	(1,433)	541		2	1	21	(36)	1	(71)		()	1					(973)
Gross - Proportional reinsurance accepted	R0420	(88)	(63)															(151)
Gross - Non- proportional reinsurance accepted	R0430																	
Reinsurers'share	R0440									(5)								(5)
Net	R0500	(1,520)	478		2	1	21	(36)	1	(67)		()	1					(1,119)
Expenses incurred	R0550	253,780	274,587		1,011,192	314,246	25,767	580,299	286,195	15,734	(16,004)	124,610	35,183	77	9,312	6	1,361	2,916,344
Other expenses	R1200																	
Total expenses	R1300																	2,916,344

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410		2,891,767	2,249,648	199,260				270	5,340,945
Reinsurers' share	R1420		431		18,713				39	19,183
Net	R1500		2,891,336	2,249,648	180,547				231	5,321,762
Premiums earned										
Gross	R1510		2,897,393	2,249,648	192,414				269	5,339,724
Reinsurers' share	R1520		431		18,713				39	19,183
Net	R1600		2,896,962	2,249,648	173,701				230	5,320,541
Claims incurred										
Gross	R1610		2,525,452	843,729	54,470				530	3,424,181
Reinsurers' share	R1620		3,802		5,345				247	9,394
Net	R1700		2,521,650	843,729	49,125				283	3,414,787
Changes in other technical provisions										
Gross	R1710		(949,457)	(490,652)	(31,644)				155	(1,471,598)
Reinsurers' share	R1720		683		(682)				140	141
Net	R1800		(950,139)	(490,652)	(30,962)				15	(1,471,738)
Expenses incurred	R1900		284,680	80,464	48,447				160	413,752
Other expenses	R2500									
Total expenses	R2600									413,752

S.22.01.22
Impact of long term guarantees measures and transitionals

		Amount with LTG measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	53,815,262			322,471	
Basic own funds	R0020	7,271,261			(170,544)	
Eligible own funds to meet SCR	R0050	9,192,007			(170,544)	
SCR	R0090	4,591,379			49,965	

S.23.01.22
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010	3,365,292	3,365,292			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030	1,250,061	1,250,061			
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts at group level	R0060					
Surplus funds	R0070					
Non-available surplus funds at group level	R0080					
Preference shares	R0090					
Non-available preference shares at group level	R0100					
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level	R0120					
Reconciliation reserve	R0130	3,924,439	3,924,439			
Subordinated liabilities	R0140	1,725,653		1,255,160	470,493	
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160	24,232				24,232
The amount equal to the value of net deferred tax assets not available at the group level	R0170					
Other items approved by supervisory authority as basic own funds not specified above	R0180					
Non available own funds related to other own funds items approved by supervisory authority	R0190					
Minority interests (if not reported as part of a specific own fund item)	R0200					
Non-available minority interests at group level	R0210	1,031,653	861,817	121,238	45,446	3,153
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230	1,986,764	1,986,764			
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240					
Deductions for participations where there is non-availability of information (Article 229)	R0250					
Deduction for participations included by using D&A when a combination of methods is used	R0260					
Total of non-available own fund items	R0270	1,031,653	861,817	121,238	45,446	3,153
Total deductions	R0280	3,018,417	2,848,580	121,238	45,446	3,153
Total basic own funds after deductions	R0290	7,271,261	5,691,212	1,133,922	425,048	21,079
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Non available ancillary own funds at group level	R0380					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Own funds of other financial sectors						
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies	R0410	1,920,746	1,920,746			
Institutions for occupational retirement provision	R0420					
Non regulated entities carrying out financial activities	R0430					
Total own funds of other financial sectors	R0440	1,920,746	1,920,746			
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450					
Own funds aggregated when using the D&A and a combination of method net of IGT	R0460					
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	7,271,261	5,691,212	1,133,922	425,048	21,079
Total available own funds to meet the minimum consolidated group SCR	R0530	7,250,182	5,691,212	1,133,922	425,048	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	7,271,261	5,691,212	1,133,922	425,048	21,079
Total eligible own funds to meet the minimum consolidated group SCR	R0570	7,169,885	5,691,212	1,133,922	344,750	
Minimum consolidated group SCR	R0610	1,723,752				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	4,16				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	9,192,007	7,611,958	1,133,922	425,048	21,079
Group SCR	R0680	4,591,379				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	2,00				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	8,934,564
Own shares (included as assets on the balance sheet)	R0710	5,148
Forseeable dividends, distributions and charges	R0720	363,100
Other basic own fund items	R0730	4,639,585
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Other non available own funds	R0750	2,292
Reconciliation reserve before deduction for participations in other financial sector	R0760	3,924,439
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	672,012
Expected profits included in future premiums (EPIFP) - Non- life	R0780	174,052
Total EPIFP	R0790	846,064

S.25.02.22

Solvency Capital Requirement - for groups using the standard formula and partial internal model

Unique number of component	Components description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
C0010	C0020	C0030	C0070	C0090	C0120
1	Market risk	2,846,368	2,696,442	None	None
2	Counterparty default risk	383,428	258,071	None	None
3	Life underwriting risk	491,197	297,974	None	None
10	Non-life and Health underwriting risk	2,221,120	378,951	Only for italian entities: Segment 1 Standard deviation for non-life premium risk, Segment 1 Standard deviation for non-life reserve risk, Segment 4 Standard deviation for non-life premium risk, Segment 4 Standard deviation for non-life reserve risk, Segment 5 Standard deviation for non-life premium risk, Segment 5 Standard deviation for non-life reserve risk	None
6	Intangible asset risk			None	None
7	Operational risk	481,306		None	None
8	Loss-absorbing capacity of technical provisions	(1,053,282)		None	None
9	Loss-absorbing capacity of deferred taxes	(802,921)		None	None
11	Model Adjustment relativo al rischio riscatti	8,180		None	None
12	Capital Requirement of out of scope undertakings	338,646		None	None

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	4,973,042
Diversification	R0060	(1,820,099)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement excluding capital add-on	R0200	3,164,122
Capital add-ons already set	R0210	
Solvency capital requirement for undertakings under consolidated method	R0220	4,591,379
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	(1,053,282)
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	(802,921)
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	4,556,904
Total amount of Notional Solvency Capital Requirement for ring fenced funds	R0420	34,475
Total amount of Notional Solvency Capital Requirement for matchingadjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Minimum consolidated group solvency capital requirement	R0470	1,723,752
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	1,315,331
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	1,315,331
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	R0520	
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non- regulated entities carrying out financial activities	R0530	
Capital requirement for non-controlled participation requirements	R0540	
Capital requirement for residual undertakings	R0550	111,927
Overall SCR		
SCR for undertakings included via D and A	R0560	
Solvency capital requirement	R0570	4,591,379

S.32.01.22
Undertakings in the scope of the group

Country	Identification code of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form
C0010	C0020	C0040	C0050	C0060
ITALY	SC/815600E31C4E7006AB54IT0U651	Sogeint Società a Responsabilità Limitata	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società a responsabilità limitata
ITALY	LEI/815600D523F9906A1566	Arca Assicurazioni Spa	Non-Life undertakings	Società per azioni
ITALY	LEI/815600B1F73218939F93	Tantosvago Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società a responsabilità limitata
ITALY	LEI/81560066ED58493ED764	UniSalute Spa	Non-Life undertakings	Società per azioni
ITALY	LEI/815600E0E11B18BBD212	Incontra Assicurazioni Spa	Non-Life undertakings	Società per azioni
ITALY	SC/81560077B9B548CABA42IT0U719	Golf Club Poggio dei Medici Spa Società Dilettantistica Sportiva	Other	Società a responsabilità limitata
ITALY	LEI/815600E31C4E7006AB54	UnipolSai Assicurazioni Spa	Composite insurer	Società per azioni
NETHER LANDS	SC/815600E31C4E7006AB54NL0U625	UnipolSai Nederland Bv in Liquidatie	Insurance holding company as defined in Art. 212§ [f] of Directive 2009/138/EC	Besloten Vennootschap
ITALY	LEI/815600FD1C2C2E80F866	Siat-Società Italiana Assicurazioni e Riassicurazioni - per Azioni	Non-Life undertakings	Società per azioni
ITALY	SC/815600E31C4E7006AB54IT0U744IT0U748	Unicasa Italia Spa	Other	Società per azioni
ITALY	LEI/815600ACFFD4FB173182	UnipolSai Servizi Previdenziali Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società a responsabilità limitata
ITALY	SC/815600E31C4E7006AB54IT0U944	Hotel Villaggio Città del Mare Spa in Liquidazione	Other	Società per azioni
LUXEMB OURG	SC/815600E31C4E7006AB54LU0U633	Isola Sca	Other	Societe' en accomandite par actions
ITALY	LEI/815600C82E2986907010	UnipolTech Spa	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società per azioni
ITALY	SC/815600E31C4E7006AB54IT0U688	Nuove Iniziative Toscane - Società a Responsabilità Limitata	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società a responsabilità limitata
ITALY	SC/815600E31C4E7006AB54IT0U642	Casa di Cura Villa Donatello - Spa	Other	Società per azioni
ITALY	LEI/8156004258342663 5187	Fondazione Unipolis	Other	Fondazione
SERBIA	SC/815600E31C4E7006AB54RS0U610	Ddor Novi Sad	Non-Life undertakings	Akcionarsko drustvo-a.d.o.
ITALY	LEI/815600736EECC8421448	Unipol Investment Spa	Other	Società per azioni
ITALY	LEI/81560028CC4BF3E31324	Leithà Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società a responsabilità limitata

		Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214	Method used and under method 1, treatment of the undertaking
C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C025	C0260
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual	Istituto per la Vigilanza sulle Imprese di Assicurazione	53.03%	100.00%	98.12%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		63.94%	100.00%	75.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual	Istituto per la Vigilanza sulle Imprese di Assicurazione	84.40%	100.00%	98.99%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual	Istituto per la Vigilanza sulle Imprese di Assicurazione	43.48%	100.00%	51.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		30.80%	30.80%	40.32%		Dominant	30.80%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual	Istituto per la Vigilanza sulle Imprese di Assicurazione	85.26%	100.00%	85.26%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual	Istituto per la Vigilanza sulle Imprese di Assicurazione	80.73%	100.00%	94.69%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		59.68%	59.68%	70.00%		Dominant	59.68%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		41.78%	41.78%	49.00%		Significant	41.78%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		36.66%	36.66%	43.00%		Significant	36.66%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		85.26%	85.26%	100.00%		Dominant	85.26%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		85.26%	85.26%	100.00%		Dominant	85.26%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual	National Bank of Serbia	85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation

Country	Identification code of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form
C0010	C0020	C0040	C0050	C0060
ITALY	SC/8156000B8C045F2E6397IT0U963	Assicoop Romagna Futura Srl	Other	Società a responsabilità limitata
ITALY	SC/815600E31C4E7006AB54IT0U649	Tenute del Cerro Spa - Società Agricola	Other	Società per azioni
ITALY	LEI/815600A09A8AC2BD9279	Assicoop Modena & Ferrara Spa	Other	Società per azioni
ITALY	SC/815600E31C4E7006AB54IT0U685	Meridiano Secondo Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società a responsabilità limitata
ITALY	SC/815600E31C4E7006AB54IT0U133	Midi Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società a responsabilità limitata
ITALY	SC/8156000B8C045F2E6397IT0U722	UniAssiTeam Srl	Other	Società a responsabilità limitata
ITALY	SC/815600E31C4E7006AB54IT0U751	DaVinci Healthcare Srl	Other	Società a responsabilità limitata
ITALY	SC/815600E31C4E7006AB54IT0U745	WelBee SpA	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società per azioni
ITALY	SC/815600E31C4E7006AB54IT0U679	Marina di Loano Spa	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società per azioni
ITALY	LEI/815600374934F0B2A761	UnipolService Spa	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società per azioni
ITALY	SC/8156000B8C045F2E6397IT0U981	Promorest Srl	Other	Società a responsabilità limitata
ITALY	SC/81560077B9B548CABA42IT0U741	NUOVE TERME PETRIOLO Srl	Other	Società a responsabilità limitata
ITALY	LEI/8156004869BDC1B75210	Gruppo UNA Spa	Other	Società per azioni
ITALY	SC/815600E31C4E7006AB54IT0U737	Cambiomarcia Srl	Other	Società a responsabilità limitata
ITALY	SC/815600E31C4E7006AB54IT0U742	I.Car Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società a responsabilità limitata
ITALY	LEI/815600DF2A01122A9547	Arca Vita Spa	Life undertakings	Società per azioni
ITALY	SC/8156000B8C045F2E6397IT0U964	Assicoop Emilia Nord Srl	Other	Società a responsabilità limitata
ITALY	LEI/81560080C81E39927641	Fondo Emporion Immobiliare	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	OICR
ITALY	SC/815600DF2A01122A9547IT0U504	Arca Inlinea Scarl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società consortile a responsabilità limitata
ITALY	LEI/81560002724EFB774819	Tikal R.E. Fund	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	OICR

		Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
Non-mutual		42.63%	42.63%	50.00%		Significant	42.63%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		85.26%	85.26%	100.00%		Dominant	85.26%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		37.30%	37.30%	43.75%		Significant	37.30%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		55.42%	55.42%	65.00%		Dominant	55.42%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		56.27%	56.27%	66.00%		Dominant	56.27%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		42.56%	42.56%	49.92%		Significant	42.56%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		76.39%	76.39%	100.00%		Dominant	76.39%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		85.26%	85.26%	100.00%		Dominant	85.26%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		85.26%	85.26%	100.00%		Dominant	85.26%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual	Istituto per la Vigilanza sulle Imprese di Assicurazione	54.05%	100.00%	63.39%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		42.63%	42.63%	50.00%		Significant	42.63%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		53.64%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation

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Country	Identification code of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form
C0010	C0020	C0040	C0050	C0060
ITALY	LEI/8156005E316B69E09270	BIM Vita Spa	Life undertakings	Società per azioni
ITALY	LEI/81560007899BA7947774	Immobiliare C.S. Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società a responsabilità limitata
ITALY	SC/81560080C81E39927641IT0U750	Consorzio tra Proprietari Centro Commerciale Porta Marcolfa	Other	Consorzio tra Proprietari
ITALY	LEI/8156000B8C045F2E6397	UnipolSai Finance Spa	Other	Società per azioni
ITALY	SC/815600E31C4E7006AB54IT0U641IT0U639	UnipolGlass Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società a responsabilità limitata
ITALY	SC/815600E31C4E7006AB54IT0U635	Fin.Priv. Srl	Other	Società a responsabilità limitata
ITALY	SC/815600E31C4E7006AB54IT0U656	Funivie del Piccolo San Bernardo Spa	Other	Società per azioni
ITALY	SC/815600E31C4E7006AB54IT0U071	Centri Medici Dyadea Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società a responsabilità limitata
ITALY	SC/815600E31C4E7006AB54IT0U643	Centro Oncologico Fiorentino Casa di Cura Villanova Srl in Liquidazione	Other	Società a responsabilità limitata
IRELAND	LEI/635400UQ9HQGZGZ2MH31	UnipolRe Dac	Reinsurance undertakings	Designated Activity Company
SERBIA	SC/815600E31C4E7006AB54CS0U610RS0U653	Ddor Auto - Limited Liability Company	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Drustvo sa ogranicenom odgovornou-d.o.o
ITALY	SC/81560066ED58493ED764IT0U051	Unisalute Servizi Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società a responsabilità limitata
ITALY	SC/815600E31C4E7006AB54IT0U642IT0U646	Florence Centro di Chirurgia Ambulatoriale Srl	Other	Società a responsabilità limitata
ITALY	SC/815600E31C4E7006AB54IT0U071IT0U749	Gratia et Salus Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società a responsabilità limitata
IRELAND	LEI/635400WSNBUMPRJJTI53	Arca Vita International Dac	Life undertakings	Designated Activity Company
ITALY	SC/8156005CE5E7340CCA86IT0U725	UnipolReC Spa	Credit institutions, investment firms and financial institutions	Società per azioni
ITALY	SC/815600E31C4E7006AB54IT0U743	Muriana Manuela Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società a responsabilità limitata
ITALY	LEI/815600616EF8F3E69C82	Unipol Finance Srl	Other	Società a responsabilità limitata
ITALY	LEI/N747OI7JINV7RUUH6190	BPER Banca Spa	Credit institutions, investment firms and financial institutions	Società per azioni
ITALY	SC/8156000B8C045F2E6397IT0U231	SCS Azioninnova Spa	Other	Società per azioni

		Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
Non-mutual	Istituto per la Vigilanza sulle Imprese di Assicurazione	42.63%	100.00%	50.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		58.36%	58.36%	68.45%		Dominant	58.36%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		85.26%	85.26%	100.00%		Dominant	85.26%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		59.68%	100.00%	70.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		24.36%	24.36%	28.57%		Significant	24.36%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		20.08%	20.08%	23.55%		Significant	20.08%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		85.26%	85.26%	100.00%		Dominant	85.26%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual	Central Bank of Ireland	85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		85.26%	85.26%	100.00%		Dominant	85.26%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		84.40%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		85.26%	85.26%	100.00%		Dominant	85.26%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual	Central Bank of Ireland	54.05%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		97.82%	97.82%	100.00%		Dominant	97.82%	Included into scope of group supervision		Method 1: Sectoral rules
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual	Banca d'Italia	18.50%	19.88%	19.88%		Significant	18.50%	Included into scope of group supervision		Method 1: Sectoral rules
Non-mutual		36.54%	36.54%	42.85%		Significant	36.54%	Included into scope of group supervision		Method 1: Adjusted equity method

Country	Identification code of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form
C0010	C0020	C0040	C0050	C0060
SERBIA	SC/635400UQ9HQGZGZ2MH31RS0U611	Ddor Re	Reinsurance undertakings	Akcionarsko drustvo-a.d.o.
ITALY	LEI/8156005CE5E7340CCA86	Unipol Gruppo Spa	Mixed financial holding company as defined in Art. 212§1 [h] of Directive 2009/138/EC	Società per azioni
SERBIA	SC/815600E31C4E7006AB54CS0U610RS0U661	Ddor Garant	Other	Akcionarsko drustvo-a.d.
ITALY	SC/8156000B8C045F2E6397IT0U084	Assicoop Toscana Spa	Other	Società per azioni
LUXEMBOURG	SC/815600E31C4E7006AB54LU0U634	Finsai International Sa	Other	Societe' anonyme
ITALY	LEI/815600B4A80555CC8587	UnipolPart I Spa	Other	Società per azioni
ITALY	LEI/8156008E49FB656B5E36	Fondo Landev	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	OICR
ITALY	SC/815600E31C4E7006AB54IT0U688IT0U669	Consorzio Castello	Other	Società consortile a responsabilità limitata
ITALY	LEI/815600E0FCD4D94E9A53	UnipolAssistance Scrl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società consortile a responsabilità limitata
ITALY	LEI/815600B88882F8585A94	Fondo Oikos	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	OICR
ITALY	SC/815600E31C4E7006AB54IT0U677	Ital H&R Srl	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società a responsabilità limitata
ITALY	SC/8156000B8C045F2E6397IT0U941	Assicoop Bologna Metropolitana Spa	Other	Società per azioni
ITALY	LEI/8156007979D979406675	Uci - Ufficio Centrale Italiano	Other	Società consortile a responsabilità limitata
ITALY	LEI/815600D8EB46528C7569	Unipol Rental Spa	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Società per azioni
ITALY	LEI/815600FB8FC9D781EB88	Unipolsai Investimenti Sgr Spa	Credit institutions, investment firms and financial institutions	Società per azioni
LUXEMBOURG	SC/815600E31C4E7006AB54LU0U632	Garibaldi Sca	Other	Societe' en accomandite par actions

		Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Category (mutual/ non mutual)	**Supervisory Authority**	**% capital share**	**% used for the establishment of consolidated accounts**	**% voting rights**	**Other criteria**	**Level of influence**	**Proportional share used for group solvency calculation**	**Yes/No**	**Date of decision if art. 214 is applied**	**Method used and under method 1, treatment of the undertaking**
C0070	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
Non-mutual	National Bank of Serbia	85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual	Istituto per la Vigilanza sulle Imprese di Assicurazione	100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		34.10%	34.10%	40.00%		Significant	34.10%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		42.43%	42.43%	49.77%		Significant	42.43%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		85.26%	85.26%	100.00%		Dominant	85.26%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		84.89%	84.89%	99.57%		Dominant	84.89%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		85.16%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual		41.94%	41.94%	49.19%		Significant	41.94%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		32.50%	32.50%	38.13%		Significant	32.50%	Included into scope of group supervision		Method 1: Adjusted equity method
Non-mutual		85.26%	100.00%	100.00%		Dominant	100.00%	Included into scope of group supervision		Method 1: Full consolidation
Non-mutual	Banca d'Italia	92.78%	92.78%	100.00%		Dominant	92.78%	Included into scope of group supervision		Method 1: Sectoral rules
Non-mutual		40.92%	40.92%	48.00%		Significant	40.92%	Included into scope of group supervision		Method 1: Adjusted equity method

INDEPENDENT AUDITOR'S REPORTS

Unipol Gruppo S.p.A.

Solvency and Financial Condition Report as at December 31, 2022

Independent auditor’s report pursuant to article 47-septies, paragraph 7 of Legislative Decree n. 209, dated 7 September 2005, and article 5, paragraph 1, letters a) and b) of IVASS Regulation n. 42, dated 2 August 2018

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Independent auditor's report pursuant to article 47-septies, paragraph 7 of Legislative Decree n. 209, dated 7 September 2005, and article 5, paragraph 1, letters a) and b) of IVASS Regulation n. 42, dated 2 August 2018

(Translation from the original Italian text)

To the Board of Directors of
Unipol Gruppo S.p.A.

Opinion

We have audited the following elements of the Solvency and Financial Condition Report (the "SFCR") of the Unipol Group as at December 31, 2022, prepared pursuant to article 47-septies of Legislative Decree n. 209, dated 7 September 2005:

- reporting templates "S.02.01.02 Balance sheet" and "S.23.01.22 Own funds" (the "reporting templates");
- sections "D. Valuation for solvency purposes" and "E.1 Own Funds" (the "disclosures").

Our procedures do not extend to:

- the components of technical provisions related to Risk Margin (items R0550, R0590, R0640, R0680 and R0720) of the reporting template "S.02.01.02 Balance sheet";
- the group Solvency capital Requirement (item R0680) and to the Minimum consolidated group capital Requirement (item R0610) of the reporting template "S.23.01.22 Own funds",

consequently, they are excluded from our opinion.
The reporting templates and the disclosures, with the exclusions abovementioned, constitute "the MVBS and OF reporting templates and related disclosures" as a whole.

In our opinion, the MBVS and OF reporting templates and related disclosures included in the SFCR of the Unipol Group as at December 31, 2022 have been prepared, in all material respects, in accordance with the applicable European Union regulations and the national sectoral regulation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the MVBS and OF reporting templates and related disclosures* section of our report.
We are independent of Unipol Gruppo S.p.A. (the "Parent Company" or the "Company") in accordance with the regulations and standards on ethics and independence of the Code of Ethics for Professional Accountants (IESBA Code) issued by the International Ethics Standards Board for Accountants applicable to the audit of MVBS and OF reporting templates and related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Emphasis of matter – Basis of preparation, purpose and restriction on use

We draw attention to section “D. Valuation for solvency purposes” which describes the basis of preparation. The MVBS and OF reporting templates and related disclosures have been prepared for solvency supervision purposes in accordance with the applicable European Union regulations and the national sectoral regulation, which results in a special purpose framework. As a result, they may not be suitable for other purposes. Our opinion is not modified in respect of this matter.

Other matters

The Company has prepared the consolidated financial statements as at December 31, 2022 in accordance with International Financial Reporting Standards as adopted by the European Union and the Regulation issued to implement article 90 of Legislative Decree n. 209, dated 7 September 2005, governing the criteria for their preparation, on which we issued our independent auditor’s report dated April 5, 2023.

The Company has prepared the reporting templates “S.25.02.22 Solvency Capital Requirement – for groups using the standard formula and partial internal model” and the related disclosure presented in section “E.2 Solvency Capital Requirement and Minimum Capital Requirement” included in the SFCR in accordance with the applicable European Union regulations, the national sectoral regulation and the Partial Internal Model of the Unipol Group, which are reviewed by us pursuant to article 5 paragraph 1, letter c) of IVASS Regulation n. 42, dated 2 August 2018, following which we issued today a limited review report attached to the SFCR.

Other Information included in the SFCR

The Directors are responsible for the preparation of the other information included in the SFCR in accordance with the applicable laws and regulations governing the basis of preparation.

The other information included in the SFCR are:

- reporting templates “S.05.01.02 Premiums, claims and expenses by line of business”, “S.22.01.22 Impact of long term guarantees measures and transitionals”, “S.25.02.22 Solvency Capital Requirement – for groups using the standard formula and partial internal model” and “S.32.01.22 Undertakings in the scope of the group”;
- sections “A. Business and Performance”, “B. System of governance”, “C. Risk profile”, “E.2 Solvency Capital Requirement and Minimum Capital Requirement”, “E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement”, “E.4 Differences between the standard formula and any internal model used”, “E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement” and “E.6 Any other information”.

Our opinion on the MVBS and OF reporting templates and related disclosures does not cover the other information.

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

Responsibilities of Directors and Those Charged with Governance for the MVBS and OF reporting templates and related disclosures

The Directors are responsible for the preparation of the MVBS and OF reporting templates and related disclosures in accordance with the applicable laws and regulations governing the basis of preparation, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of MVBS and OF reporting templates and related disclosures 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, in preparing the MVBS and OF reporting templates and related disclosures, for the appropriateness of the use of the going concern and for disclosing related matters. The Directors use the going concern basis of accounting in the preparation of MVBS and OF reporting templates and related disclosures unless they either intend to liquidate the Parent Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee (“Collegio Sindacale”) is responsible, within the terms provided by the law, for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the MVBS and OF reporting templates and related disclosures

Our objectives are to obtain reasonable assurance about whether the MVBS and OF reporting templates and related disclosures as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s 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 International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the MVBS and OF reporting templates and related disclosures.

As part of an audit in accordance with International Standards on Auditing (ISAs), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the MVBS and OF reporting templates and related disclosures, whether due to fraud or error; have designed and performed audit procedures responsive to those risks and obtained 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;
- we have obtained an understanding of internal control relevant to the audit of the MVBS and OF reporting templates and related disclosures in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of 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 auditor's report to the related disclosures or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.

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

Milan, 12th May 2023

EY S.p.A.
Signed by: Paolo Ancona, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Unipol Gruppo S.p.A.

Solvency and financial condition report as at December 31, 2022

Independent auditor’s review report pursuant to article 47-septies, paragraph 7 of Legislative Decree n. 209, dated 7 September 2005 and article 5, paragraph 1, letter c) of IVASS Regulation n. 42, dated 2 August 2018

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(Translation from the original Italian text)

To the Board of Directors of
Unipol Gruppo S.p.A.

Introduction

We have reviewed the accompanying reporting template "S.25.02.22 Solvency Capital Requirement – for groups using the standard formula and partial internal model" (the "SCR and MCR reporting template") and the related disclosures presented in section "E.2 Solvency Capital Requirement and Minimum Capital Requirement" (the "disclosures" or the "related disclosures") included in the Solvency and Financial Condition Report (the "SFCR") of the Unipol Group as at December 31, 2022, pursuant to article 47-septies of Legislative Decree n. 209, dated 7 September 2005.
The SCR and MCR reporting template and related disclosures have been prepared by Management in accordance with the applicable European Union regulations, the national sectoral regulation and the Partial Internal Model of the Group, as described in the disclosures included in the SFCR and as approved by IVASS.

Management's Responsibility

Management is responsible for the preparation of the SCR and MCR reporting template and related disclosures in accordance with the applicable European Union regulations, the national sectoral regulation and the Partial Internal Model of the Group, as described in the disclosures included in the SFCR and as approved by IVASS, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of SCR and MCR reporting template and related disclosures that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on SCR and MCR reporting template and related disclosures. We conducted our review in accordance with International Standard on Review Engagements (*ISRE) 2400 (Revised), Engagements to review Historical Financial Statements*. *ISRE 2400 (Revised)* requires us to conclude whether anything has come to our attention that causes us to believe that the SCR and MCR reporting template and related disclosures are not prepared, in all material respects, in accordance with the applicable European Union regulations, the national sectoral regulation and the Partial Internal Model of the Group, as described in the disclosures included in the SFCR and as approved by IVASS. This Standard also requires us to comply with relevant ethical requirements.

The review of SCR and MCR reporting template and related disclosures in accordance with *ISRE 2400 (Revised)* is a limited assurance engagement. The auditor performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.
The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISA). Accordingly, we do not express an audit opinion on SCR and MCR reporting template and related disclosures.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that SCR and MCR reporting template and related disclosures included in the SFCR of the Unipol Group as at December 31, 2022, are not prepared, in all material respects, in accordance with the applicable European Union regulations, the national sectoral regulation and the Partial Internal Model of the Group as described in the disclosures included in the SFCR and as approved by IVASS.

Basis of preparation, purpose and restriction on use
Without modifying our conclusion, we draw attention to section "E.2 Solvency Capital Requirement and Minimum Capital Requirement" included in the SFCR, which describes the basis of preparation of SCR and MCR reporting template. The SCR and MCR reporting template and the related disclosures are prepared, for solvency supervision purposes, in accordance with the applicable European Union regulations, the national sectoral regulation and the Partial Internal Model of the Group, as described in the disclosures included in the SFCR and as approved by IVASS, which results in a special purpose framework. As a result, as required by the article 13 of IVASS Regulation n. 42 dated 2 August 2018, the approvals, derogations or other decisions by IVASS, included the structure of the Partial Internal Model, are considered by us as part of the standard framework for our review and the reporting template and related disclosures may not be suitable for any other purposes. In particular, in accordance with articles 46-bis and 46-ter of Legislative Decree n. 209, dated 7 September 2005, the Partial Internal Model briefly described in the disclosures included in the SFCR has been approved by IVASS in the discharge of its supervisory functions and it could differ from internal models approved for other insurance companies.

Milan, 12th May 2023

EY S.p.A.
Signed by: Paolo Ancona, Auditor

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Unipol Gruppo S.p.A.

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Parent company of the Unipol Insurance Group
entered in the Register of the parent companies
at No. 046

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