UnipolSai ASSICURAZIONI

2023
Solvency and Financial Condition Report

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Mercurio GP Srl

UnipolSai Assicurazioni S.p.A.

Solvency and Financial Condition Report

2023

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 Implementing Regulation (EU) 2023/895 of 4 April 2023, laying down implementing technical standards for the application of the Directive with regard to the procedures, formats and templates for the disclosure by insurance and reinsurance undertakings of their report on their solvency and financial condition and repealing Implementing Regulation (EU) 2015/2452;
- 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.

Introduction

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, Risk Management, Compliance and Anti-Money Laundering and Actuarial functions.
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 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.
Standard Formula Market Wide	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.
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 2023 in the solvency and financial condition of the Company, 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 2023, the macroeconomic scenario continued to be characterised by sustained inflation, albeit gradually slowing thanks to the action of the main Central Banks, which maintained restrictive monetary policies and held back economic development. Geopolitical tensions continued, aggravated towards the end of the year by the outbreak of the Israel-Palestine conflict, which fuelled uncertainties despite a positive financial market context.

At 31 December 2023, direct insurance premiums, gross of reinsurance, stood at €10,762,528k, up (+4.7%) compared to €10,275,551k at 31 December 2022.

Non-Life direct premiums, amounting to €6,951,661k, recorded growth of +1.0% compared to €6,883,054k at 31 December 2022.

The MV segment was up by 2.2% compared to the previous year, recording premiums of €3,701,347k. After several years in which there was a decline in the average MV TPL premium, the Company enacted tariff increases made necessary due to the rising cost of claims caused by the significant recovery in inflation recorded over the last two years, with effects both on vehicle repair costs and regulatory adjustments of the reference values of losses for minor injuries and family member losses. The growth in premiums in this segment was mitigated by the effects of the right granted to customers to split the premium into monthly instalments at no additional charge, which met with a successful reception, leading to a slowdown in premiums written and the relative collections. In addition, the accessory guarantees included in the Land Vehicle Hulls class, which recorded growth of 5.9% compared to 2022, are also continuously developing.

The Non-MV segment generated premiums of €3,250,314k and a decline of –0.4% compared to 31 December 2022, impacted by the introduction of the possibility of paying premiums for some products in monthly instalments and the decline in Health premiums as a result of the launch of the UniSalute 2.0 project, which allowed the agency distribution network to directly offer its customers the products offered by UniSalute, a leading company in the reference market. Excluding the above phenomena, it is estimated that the segment would have recorded growth of more than 3% in 2023.

[1] The economic data reported in the section Business and performance are taken from the financial statements of the Company ("Financial Statements").

In 2023, there were exceptional catastrophic events in our country, mainly attributable, in terms of the extent of the damages insured by our Company, to the flood that struck Emilia-Romagna in May and to the hail events on the regions of Northern Italy at the end of July. These events caused a significant deterioration in the direct business **combined ratio**, including the balance of other technical items and calculated entirely on premiums earned, which reached 106.0% at 31 December 2023, compared to 93.5%[2] at 31 December 2022. The loss ratio, including the balance of other technical items, was 76.7% (compared to 63.0% in 2022), while the expense ratio came to 29.3% of premiums written (compared to 30.6%[3] at 31/12/2022). The incidence of other technical items was stable (1.4% compared to 1.3% in 2022). Against the backdrop of the natural events mentioned above, there were significant recoveries thanks to reinsurance coverage and, therefore, the combined ratio net of reinsurance was 101.0%.

In the **Life business**, the Company achieved direct premiums of €3,810,867k, an increase 12.3% compared to €3,392,497k recorded in 2022 in a market context that is still difficult due to the generalised increase in interest rate returns, and therefore the attractiveness of competing investments. The sales network focused on traditional and multi-segment products, with a view to optimising the net flows of segregated funds. The Company also benefited from the acquisition of new closed pension fund mandates for a value of €812,798k.

The **management of financial investments** benefited from the increase in the profitability of new investments, focusing on investment grade securities, with a simultaneous improvement in terms of diversification and the overall risk-return profile.
The gross profitability of the insurance financial investments portfolio achieved a return of 4.5% on invested assets, of which 0.8% from security sales. In 2022, the profitability of financial investments was 2.1%, affected by significant write-downs of securities classified in the current portfolio.

During 2023, real estate asset renovations continued, with work on both the **real estate assets** for use by third parties and assets for business use, including the completion of works on the new multi-storey office building in Piazza Gae Aulenti in Milan. The property, which is elliptical in shape and around 125 metres high, includes 23 storeys above ground and was designed and built to receive the best certification in terms of energy and water saving and ecological quality of the spaces (Leed Platinum certification).

UnipolSai achieved a net profit of €624,484k in 2023, compared to €144,731k recorded in the previous year, which was affected by significant value adjustments to securities classified in the current assets portfolio triggered by higher interest rates.

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

At its meeting on **23 March 2023**, the Board of Directors of UnipolSai approved an industrial project in the long-term rental business with BPER Banca SpA which, *inter alia*, calls for the integration via merger by incorporation of SIFÀ - Società Italiana Flotte Aziendali SpA (a company belonging to the BPER Group) into the subsidiary UnipolRental, completed in the months that followed and effective from 1 July 2023.

On **3 April 2023**, the acquisition of Centri Medici Santagostino by UnipolSai was finalised, for a consideration of €105,422k, of which €5,000k deposited in an escrow account in the name of UnipolSai with a lien in favour of the sellers. The acquisition was preceded by the signing on 16 December 2022 of the entire share capital of Società e Salute SpA, holder of 100% of Santagostino Servizi e Prodotti, specialised in the sale of sanitary items such as eyewear and hearing aids.

On **29 June 2023**, the Board of Directors of UnipolSai approved the Company's participation in the rescue operation scheme to protect Eurovita policyholders, together with Allianz, Assicurazioni Generali, Intesa Sanpaolo Vita and Poste Vita.

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[2] The value of the combined ratio of the previous year was restated, for consistency with the new calculation method applied starting from 2023, which incorporates a Non-Life expense ratio determined in relation to premiums earned rather than premiums written in order to avoid distortions as a result of the initiation of monthly premium instalment plans.

[3] The value of the expense ratio for the previous year was restated, for consistency with the new calculation method applied starting from 2023, which for the Non-Life segment relates operating expenses to premiums earned rather than premiums written in order to avoid distortions as a result of the initiation of monthly premium instalment plans.

On 24 July 2023, UnipolSai fully repaid the Mediobanca Tier 1 subordinated loan with an original nominal value of €400,000k, through repayment of the fifth and final tranche of €80,000k as indicated in the contractually envisaged repayment plan.

On 2 October 2023, Unipol finalised the purchase of 46.3 million ordinary shares of Banca Popolare di Sondrio (BPSO), equal to approximately 10.2% of the share capital. Taking into account the shareholding already held by UnipolSai, equal to approximately 9.5% of the share capital, the Group's total interest in the share capital of Banca Popolare di Sondrio reached 19.7% of the share capital. The transaction will allow the Group to (i) consolidate the industrial and corporate partnership with BPSO in the Life and Non-Life bancassurance segment, strengthening its strategic approach, (ii) increase the stability of the BPSO Group's ownership structure to successfully pursue its Strategic Plan objectives and (iii) stimulate the development of BPSO in accordance with best market practices.

On 22 November 2023, the rating agency Moody's Investor Service confirmed the Insurance Financial Strength Rating of UnipolSai as "Baa2", i.e. one notch above the Italy rating (Baa3/Stable Outlook), improving the outlook from "Negative" to "Stable" after similar action taken on the country rating. In its decision, the Moody's Committee considered the high exposure of UnipolSai's assets and liabilities to the country.

On 30 November 2023, the contract signed on 7 July 2023 relating to the sale to Unicredit S.p.A. by UnipolSai of the equity investment held in Incontra Assicurazioni, equal to 51% of the share capital, became effective. The transaction was envisaged as part of the Opening New Ways 2022-2024 Strategic Plan, whose projections already took into account the proposed sale.

The deed of merger by incorporation of UnipolRe DAC into UnipolSai, signed on 14 December 2023, was entered in the Register of Companies held by the Bologna Chamber of Commerce on 20 December 2023 and became effective from 31 December 2023.

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International macroeconomic forecasts for the year 2024 are characterised by expectations of a gradual recovery, moreover already underway towards the end of 2023, of the inflationary tensions that followed the rally in raw materials and the critical logistics issues triggered by the pandemic crises and the war between Russia and Ukraine. The financial markets therefore expect a reduction in interest rates by the main Central Banks during 2024.

However, uncertainties surrounding the global economy persist, with very low growth estimates in the Eurozone, and high concerns about growing geopolitical tensions exacerbated by the ongoing conflict in Palestine and the threat of its expansion to the Red Sea area, with repercussions on transport costs and delays in the supply chain. In Italy, despite the drives deriving from the NRRP, GDP growth is still expected to be weak after the modest increase of 0.9% recorded in 2023.

With regard to the Non-Life insurance business, the effects of ongoing climate change, which generated a peak in claims in 2023, are leading to changes in products, at both tariff and regulatory level, in addition to a revision of reinsurance treaties. As concerns MV TPL, although in a still highly competitive market context, ongoing actions are aimed at achieving positive margins by favouring portfolio selection and cost containment, also thanks to the know-how acquired in the area of telematics and the constant increase in MV claims channelled to the UnipolService and UnipolGlass networks, allowing for excellent results in terms of limiting average repair costs.

In the Life segment, traditional Class I products will continue to be offered across all production networks in 2024 as well, to promote the profitability of segregated funds, alongside multi-segment and protection products, while maintaining leadership in the Pension Funds sector.

As set forth in our 2022-2024 Strategic Plan, after two years in which all ecosystems in which the Group is active recorded strong growth, both internally and externally, in 2024 activities will be focused on the integration and consolidation of the various businesses. In this sense, the Dyadea health centres merged as of 1 January 2024 with the Santagostino Medical Centres. Together, they have 45 facilities in different Italian cities and strengthen the offer of the Welfare ecosystem, which is one of the Group's main strategic assets.

Overall, the information currently available makes it possible to confirm, in the absence of currently unforeseeable events, also linked to the deterioration 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

The Company has adopted a "reinforced" 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 and the Actuarial Function (jointly "Key Functions").

The Board of Directors assesses the position of each of its members, establishing whether they meet the requirements and satisfy the criteria of suitability for office established by regulations in force over time, as well as the absence of situations of incompatibility. 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 Board of Directors is responsible for said System and regularly verifies its suitability and actual operation.

Within the Internal Control and Risk Management System, the Audit Function 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 and to the provisions of the Financial statements.

With regard to the outsourcing policies, lastly, UnipolSai is the main service provider of the Unipol Group, independent in almost all corporate areas; with its personnel and skills, it is able to carry out these activities also on behalf of other companies of the Group.

Risk profile

As the Company has received the necessary authorisations from the Supervisory Authority, it calculates the Solvency Capital Requirement for regulatory purposes 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 Company 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 Company also considers the risks relating to the volatility of share prices and interest rates. For the risk modules not included in the PIM, the Market Wide Standard Formula is used.

It should be noted that, starting from 31 December 2023, the assessments of UnipolSai take into account the application of the "New Non-Life Internal Model" and the "Model Changes" relating to "Spread risk" and "Surrender risk", applicable as of 31 December 2023.

The Solvency Capital Requirement (SCR) total for the Company at the end of the reference period was €2,963,371k, down by €86,381k compared to the SCR relating to 31 December 2022. The most significant changes observed in the main components of the SCR compared to the previous year are summarised below:

- Non-Life and Health Underwriting Risks: there was a reduction in risk mainly deriving from the change in the SCR valuation methodology, partially offset by the effects deriving from the cross-border merger by incorporation of UnipolRe D.A.C. into UnipolSai Assicurazioni S.p.A.;
- Life Underwriting Risks: there was an increase in risk mainly deriving from the combined effect of i) the change in the SCR valuation methodology and ii) the increase in the volatility of the surrender risk factor, partially offset by the reduction in interest rates recorded during the year, given that the company is exposed to the increase in surrender frequencies;
- Market Risks: the decline in risk is mainly due to the change in the Real Estate module as a result of the lower relative risk of the portfolio and the Spread module due to the improvement in the risk profile of corporate exposures;
- Credit Risk: there was an increase in risk mainly deriving from the inclusion of bonds in the scope of assessment of the Counterparty Default Risk internal model;
- Operational Risks: there was an increase in risk mainly deriving from the increase in the value of best estimates, caused by the combined effect of the merger by incorporation of UnipolRE and the catastrophic events that had an impact on the Fire and Other Damage to Property and Other Motor Insurance LoBs.

It should be noted that the conservative margin applied to the 2023 data considers i) the component relating to Dynamic Policyholder behaviour (€35,383k) and ii) the component relating to NatCat risk (€32,102k).

The amount of the SCR for each risk module is shown below along with a comparison with the data relating to 31 December 2022:

SCR - Partial Internal Model

Amounts in €k

Risk categories	2023	2022	Change on 2022
Non-life and health underwriting risks	1,822,740	2,100,450	(277,710)
Life underwriting risks	418,624	328,827	89,796
Market risks	2,570,912	2,699,931	(129,019)
Credit risks	649,241	383,015	266,226
Diversification	*(1,837,036)*	*(1,610,172)*	*(226,864)*
Basic Solvency Capital Requirement (BSCR)	**3,624,481**	**3,902,053**	**(277,572)**
Operational risks	460,242	404,801	55,442
Adjustment for loss-absorbing capacity of technical provisions (ALAC TP)	(351,834)	(452,736)	100,901
Adjustment for loss-absorbing capacity of Deferred Taxes (ALAC DT)	(837,003)	(864,413)	27,410
Conservative margin	67,484	60,047	7,437
Solvency Capital Requirement (SCR)	**2,963,371**	**3,049,752**	**(86,381)**

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 Company must prepare a "Market Consistent Balance Sheet" ("MCBS"), attached to this Report, on the basis of specific criteria, specified by the Directive and the Regulation, which are different from those used for the preparation of the financial statements. The criteria specified by the Solvency II provisions are based on the concept of fair value and, therefore:

a) assets are valued at the amount at which they could be exchanged between knowledgeable and willing parties in an arm's length transaction;
b) 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 Company subsequent to the issue are not taken into consideration.
There were no substantial changes in the valuation criteria adopted compared to the previous year.

We provide a summary below of the differences between the valuation of assets and liabilities in the financial statements and the MCBS, reconciling the relevant shareholders' equity totals at 31 December 2023 and at the end of the previous year.

Amounts in €k		2023	2022
A	**Shareholders' equity (Financial Statement)**	6,341,221	6,169,476
	Adjustments by assets/liabilities type		
1	Intangible assets	(746,938)	(733,403)
2	Properties and tangible assets for investment and for own use	261,474	216,197
3	Other financial investments	(873,001)	(2,851,506)
4	Technical provisions	4,029,474	5,449,286
5	Deferred taxes	(1,003,087)	(818,013)
6	Other assets and liabilities	33,009	71,719
	Total adjustments	1,700,931	1,334,281
B	**Shareholders' equity (MCBS)**	8,042,152	7,503,757

* Note that the difference with respect to the total shareholders' equity in Balance Sheet Liabilities item 110 in the Company's financial statements (equal to €6,338,992k at 31/12/2023) is due to the recognition in that accounting document of own shares (amounting to €2,229k) as an adjustment to shareholders' equity.

The shareholders' equity in the MCBS at 31 December 2023 amounted to €8,042,152k (€7,503,757k at 31/12/2022).

The increase during the year is mainly due to the generally positive performance of the financial markets, partially offset by a simultaneous increase in Best Estimates, mainly attributable to higher provisioning during the year following catastrophic events.

Capital management

The Company has own funds eligible to cover the capital requirements equal to 3.13 times the SCR (2.88 at 31/12/2022) and 6.79 times the Minimum Capital Requirement ("MCR"), 6.25 at 31 December 2022.

The following tables show:

- the amount of own funds eligible to cover capital requirements, with a breakdown by individual tiering level;
- the capital requirements (SCR and MCR) compared to the figure from the previous year;
- the coverage ratios of the capital requirements compared to the data from the previous year.

Summary

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)	9,273,629	7,572,950	1,208,886	491,793	
Total eligible own funds to meet the MCR (B)	9,048,539	7,572,950	1,208,886	266,703	

SCR, MCR and Capital Requirement coverage ratios

Amounts in €k	2023	2022	Change on 2022
Solvency Capital Requirement (SCR) _(C)	2,963,371	3,049,752	(86,381)
Minimum Capital Requirement (MCR) _(D)	1,333,517	1,372,388	(38,871)
Ratio of Eligible own funds to SCR (A / C)	3.13	2.88	0.25
Ratio of Eligible own funds to MCR (B / D)	6.79	6.25	0.54

The amount of own funds of higher quality (Tier 1 unrestricted) equal to €7,572,950k (€7,046,235k at 31/12/2022), corresponds to the amount of shareholders' equity from MCBS (€8,042,152k compared to €7,503,757k at 31/12/2022), net of own shares held directly and indirectly (€2,229k compared to €2,659k at 31/12/2022), expected dividends (€466,726k compared to €452,570k at 31/12/2022) and other deductions provided for by the Regulation or by special provisions of the Supervisory Authorities (€41k compared to €2,292k at 31/12/2022). The changes in value are described in detail in chapter E. Capital management.

The SCR coverage ratio without the application of the volatility adjustment is 3.04 (2.80 at 31/12/2022). The MCR coverage ratio without the application of the volatility adjustment is 6.58 (6.09 at 31/12/2022).

We provide below the results of the sensitivity analyses carried out by the Company. The analyses refer to the year in question and take, as central scenario, the capital adequacy situation calculated according to the regulatory model adopted by the undertaking.

Sensitivities

Description	Impact with respect to central scenario	Impact on Solvency Ratio
Shift upward of the interest yield curve	interest rate: +100 bps	20 p.p.
Shift downward of the interest yield curve	interest rate: -100 bps	-13 p.p.
Shock on credit spread – corporate bonds	industrial and financial credit spreads: +100 bps	-2 p.p.
Shock on equity market	equity market value: -20%	-3 p.p.
Shock on property market	property market value: -15%	-5 p.p.
Sensitivity on Italian Government spread	Italian Government spread: +100 bps	-14 p.p.
Sensitivity on inflation	inflation: +100 bps	-9 p.p.
Sensitivity on surrender frequencies	Surrender tables: +100%	-11 p.p.
Sensitivity on combined ratio	combined ratio: +100 bps	-2 p.p.

At no time during the year, did the Company fail to meet its Solvency Capital Requirement (SCR) or its Minimum Capital Requirement (MCR).

A

BUSINESS AND PERFORMANCE

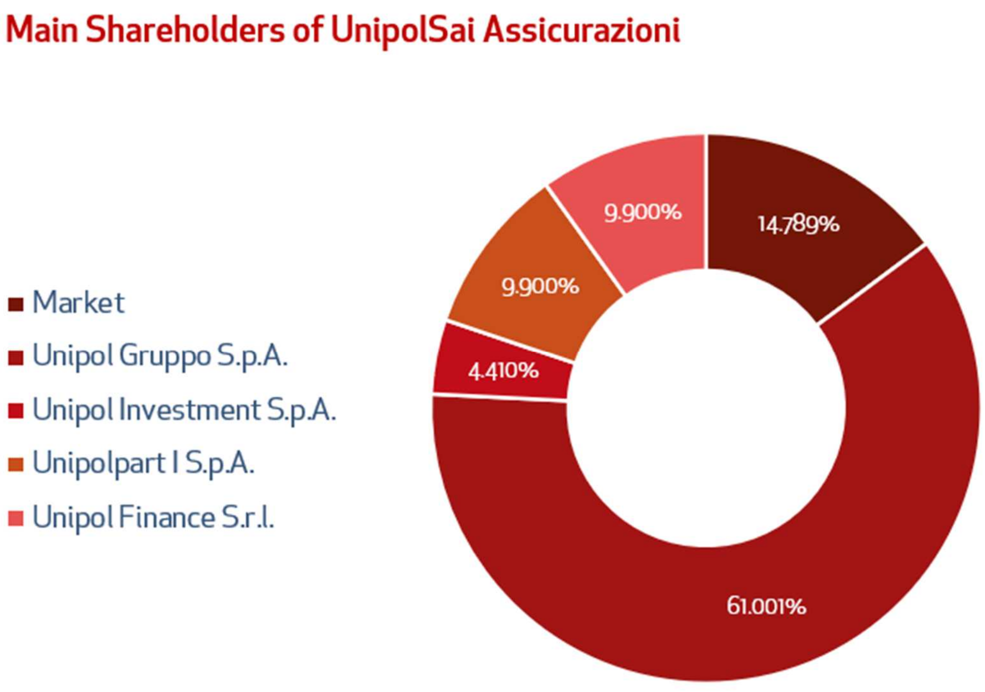
A Business and performance

A.1 Business

Company information

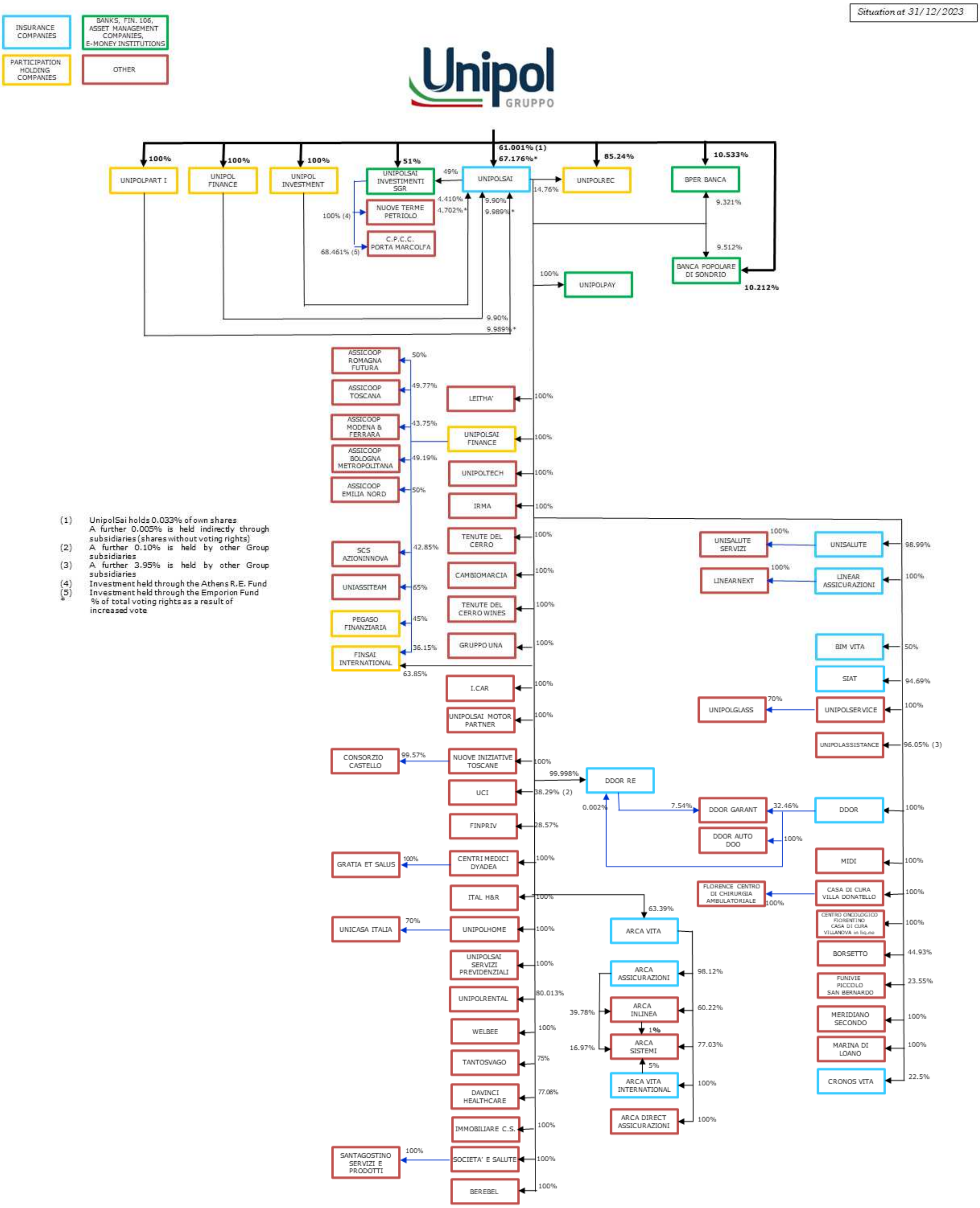
The business purpose of UnipolSai Assicurazioni SpA (henceforth, also the "Company" or "UnipolSai Assicurazioni" or "UnipolSai") is the provision of all insurance, reinsurance and capitalisation classes allowed by law. The Company can also manage supplementary pension schemes allowed by current law, as well as set up, form and manage open pension funds and carry on activities additional to or functional for managing these funds.
Subject to the management and coordination activities of Unipol Gruppo SpA (henceforth, also "Unipol" or "Parent Company"), which, at 31 December 2023, held directly 61.001% of the share capital and indirectly 24.210%, the Company is listed in the Register of Insurance and Re-insurance Companies Sect. I under No. 1.00006 and is part of the Unipol Insurance Group, with registered office in Via Stalingrado 45, 40128 Bologna, Register of Insurance Groups No. 046.

The shareholding structure is shown in the chart below:



The companies Unipol Finance, Unipol Investment and Unipolpart I are single member companies and subsidiaries of Unipol Gruppo.

The Company is subject to supervision by the Istituto per la Vigilanza sulle Assicurazioni (IVASS), in charge of the financial supervision of the Company and the Group to which this belongs.
The independent audit firm appointed by the Company is EY S.p.A.
The structure of the Unipol Group is shown below, with the position occupied by the Company within the Group itself.



(1) UnipolSai holds 0.033% of own shares
A further 0.005% is held indirectly through subsidiaries (shares without voting rights)
(2) A further 0.10% is held by other Group subsidiaries
(3) A further 3.95% is held by other Group subsidiaries
(4) Investment held through the Athens R.E. Fund
(5) Investment held through the Emporion Fund
* % of total voting rights as a result of increased vote

We also provide a list of subsidiaries and associates, and companies subject to unified management at 31 December 2023.

List of subsidiaries and associates

Type (1)	Name	Legal form	Registered office	Portion held			Exercisable voting rights
				Direct %	Indirect %	Total	
a	Arca Assicurazioni S.p.A.	Joint-stock company	Italy		98.12	98.12	98.12
a	Arca Direct S.r.l.	Limited liabilities company	Italy		100.00	100.00	100.00
a	Arca Inlinea S.c.a r.l.	Limited liabilities consortium	Italy		100.00	100.00	100.00
a	Arca Sistemi S.c.a r.l.	Limited liabilities consortium	Italy		100.00	100.00	100.00
a	Arca Vita S.p.A.	Joint-stock company	Italy	63.39		63.39	63.39
a	Arca Vita International Dac	Designated Activity Company	Ireland		100.00	100.00	100.00
b	Assicoop Bologna Metropolitana S.p.A.	Joint-stock company	Italy		49.19	49.19	49.19
b	Assicoop Emilia Nord S.r.l.	Limited liabilities company	Italy		50.00	50.00	50.00
b	Assicoop Modena e Ferrara S.p.A.	Joint-stock company	Italy		43.75	43.75	43.75
b	Assicoop Romagna Futura S.r.l.	Limited liabilities company	Italy		50.00	50.00	50.00
b	Assicoop Toscana S.p.A.	Joint-stock company	Italy		49.77	49.77	49.77
a	BeRebel S.p.A.	Joint-stock company	Italy	100.00		100.00	100.00
a	Bim Vita S.p.A.	Joint-stock company	Italy	50.00		50.00	50.00
b	Borsetto S.r.l.	Limited liabilities company	Italy	44.93		44.93	44.93
a	Cambiomarcia S.r.l.	Limited liabilities company	Italy	100.00		100.00	100.00
a	Casa Di Cura Villa Donatello S.p.A.	Joint-stock company	Italy	100.00		100.00	100.00
a	Centri Medici Dyadea S.r.l.	Limited liabilities company	Italy	100.00		100.00	100.00
a	Centro Oncologico Fiorentino Casa Di Cura Villanova S.r.l. in liquidazione	Limited liabilities company	Italy	100.00		100.00	100.00
a	Compagnia Assicuratrice Linear S.p.A.	Joint-stock company	Italy	100.00		100.00	100.00
a	Consorzio per l'attuazione del Piano Urbanistico Esecutivo di Castello in Comune di Firenze	Consortium	Italy		99.57	99.57	99.57
b	Cronos Vita Assicurazioni S.p.A.	Joint-stock company	Italy	22.50		22.50	22.50
a	DaVinci Healthcare S.r.l.	Limited liabilities company	Italy	77.06		77.06	77.06
a	Ddor Auto D.o.o.	društvo sa ograničenom odgovornošću - Limited liabilities company	Serbia		100.00	100.00	100.00
b	Ddor Garant	akcionarsko društvo - Joint-stock company	Serbia		40.00	40.00	40.00
a	Ddor Novi Sad A.D.O.	akcionarsko društvo - Joint-stock company	Serbia	100.00		100.00	100.00

Type (1)	Name	Legal form	Registered office	Portion held Direct %	Indirect %	Total	Exercisable voting rights
a	Ddor Re Joint Stock Reinsurance Company	akcionarsko društvo - Joint-stock company	Serbia	100.00		100.00	100.00
b	Fin.Priv. S.r.l.	Limited liabilities company	Italy	28.57		28.57	28.57
a	Finsai International S.a.	Société Anonyme	Luxembourg	63.85	36.15	100.00	100.00
a	Florence Centro Di Chirurgia Ambulatoriale S.r.l.	Limited liabilities company	Italy		100.00	100.00	100.00
b	Funivie Del Piccolo San Bernardo S.p.A.	Joint-stock company	Italy	23.55		23.55	23.55
a	Gratia et Salus S.r.l.	Limited liabilities company	Italy		100.00	100.00	100.00
a	Gruppo Una S.p.A.	Joint-stock company	Italy	100.00		100.00	100.00
a	I.Car S.r.l.	Limited liabilities company	Italy	100.00		100.00	100.00
a	Immobiliare C.S. S.r.l.	Limited liabilities company	Italy	100.00		100.00	100.00
a	Irma S.r.l.	Limited liabilities company	Italy	100.00		100.00	100.00
a	Ital H&R S.r.l.	Limited liabilities company	Italy	100.00		100.00	100.00
a	Leitha' S.r.l.	Limited liabilities company	Italy	100.00		100.00	100.00
a	LinearNext S.r.l.	Limited liabilities company	Italy		100.00	100.00	100.00
a	Marina Di Loano S.p.A.	Joint-stock company	Italy	100.00		100.00	100.00
a	Meridiano Secondo S.r.l.	Limited liabilities company	Italy	100.00		100.00	100.00
a	Midi S.r.l.	Limited liabilities company	Italy	100.00		100.00	100.00
a	Nuove Iniziative Toscane S.r.l.	Limited liabilities company	Italy	100.00		100.00	100.00
b	Pegaso Finanziaria S.p.A.	Joint-stock company	Italy		45.00	45.00	45.00
b	SCS Azioninnova S.p.A.	Joint-stock company	Italy		42.85	42.85	42.85
a	Santagostino Servizie prodotti S.r.l.	Limited liabilities company	Italy		100.00	100.00	100.00
a	Siat-Società Italiana Assicurazioni e Riassicurazioni S.p.A.	Joint-stock company	Italy	94.69		94.69	94.69
a	Società e Salute S.p.A.	Joint-stock company	Italy	100.00		100.00	100.00
a	Tantosvago S.r.l. Società Benefit	Limited liabilities company	Italy	75.00		75.00	75.00
a	Tenute Del Cerro S.p.A. - Societa' Agricola	Joint-stock company	Italy	100.00		100.00	100.00
a	Tenute del Cerro Wines S.r.l.	Limited liabilities company	Italy	100.00		100.00	100.00
b	Ufficio Centrale Italiano S.c.a r.l.	Limited liabilities consortium	Italy	38.29	0.10	38.39	38.39
a	UniAssiTeam S.r.l.	Limited liabilities company	Italy		65.00	65.00	65.00
a	Unicasa Italia S.p.A.	Joint-stock company	Italy		70.00	70.00	70.00
a	UnipolAssistance S.c.r.l.	Limited liabilities company	Italy	96.05	3.95	100.00	100.00
a	UnipolGlass S.r.l.	Limited liabilities company	Italy		70.00	70.00	70.00
a	UnipolHome S.p.A.	Joint-stock company	Italy	100.00		100.00	100.00

Type (1)	Name	Legal form	Registered office	Portion held Direct %	Indirect %	Total	Exercisable voting rights
a	UnipolPay S.p.A.	Joint-stock company	Italy	100.00		100.00	100.00
a	UnipolRental S.p.A.	Joint-stock company	Italy	80.01		80.01	80.01
a	UnipolSai Finance S.p.A.	Joint-stock company	Italy	100.00		100.00	100.00
b	UnipolSai Investimenti SGR S.p.A.	Joint-stock company	Italy		49.00	49.00	49.00
a	UnipolSai Motor Partner S.r.l.	Limited liabilities company	Italy	100.00		100.00	100.00
a	UnipolSai Servizi Previdenziali S.r.l.	Limited liabilities company	Italy	100.00		100.00	100.00
a	UnipolService S.p.A.	Joint-stock company	Italy	100.00		100.00	100.00
a	UnipolTech S.p.A.	Joint-stock company	Italy	100.00		100.00	100.00
a	UniSalute Servizi S.r.l.	Limited liabilities company	Italy		100.00	100.00	100.00
a	UniSalute S.p.A.	Joint-stock company	Italy	98.99		98.99	98.99
a	WelBee S.p.A.	Joint-stock company	Italy	100.00		100.00	100.00

Key

a: Subsidiary
b: Associate

Relations with Group companies (Art. 2497-bis of the Civil Code)

UnipolSai Assicurazioni provides the following most economically significant services to Group companies:

- 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, first level assistance to agencies, local assistance to agencies, final user test and manuals, Non-Life management and knowledge management services, CRM, targeting and campaign management);
- 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;
- Services for the management of Whistleblowing reports;
- Sustainability;
- 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, asset management, property management).

With the exclusion of Financial Management, which calls for consideration calculated through the application of a commission on volumes managed, in order to determine the charges to Group companies, external costs incurred are taken into account, due for example to 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:
- the number and cost of the dedicated staff, including pay, charges and other accessory costs attributable to personnel;
- generic functioning costs generally associated with each workplace (premises, electricity, telephone, personal computers, heating, depreciation of furniture, etc., in addition to IT costs associated with each activity);
- any other specific, directly attributable costs.

The approach described above is generally used also to determine the costs of the services that the Company receives from Group companies.

The main services received by the Company are summarised below.

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

SIAT - Società Italiana Assicurazione e Riassicurazioni performs the following services in favour of UnipolSai Assicurazioni:
- 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;
- management of development projects in the Transport sector.

Directly or through qualified third-party suppliers, UnipolTech is in charge of the supply and industrial management of "black boxes" in the network of installers, at agencies and, from the multichannel perspective, directly at customer homes as well. It guarantees the delivery of the connectivity service and the transmission of telematic data, its management based on artificial intelligence techniques and the provision of additional services that may be activated on customers' installed devices. UnipolTech also activated the UnipolMove brand electronic toll payment service, as it has been accredited with the European electronic toll service (first company at national and European level for both light and heavy vehicles).
It supports UnipolSai in the development of other mobile payment solutions to offer customers an integrated model of distinctive services, complementary to the insurance business. The first services available on the UnipolSai and UnipolMove Apps offer the opportunity to pay car parking fees, "blue line" parking slips, fines and road tax, as well as for fuel and access to certain Limited Traffic Zones. From 2023, it also joined the MaaS (Mobility as a Service) NRRP calls for proposals and offers integrated payment services for micro-mobility and public transport, complementary to cars, in the cities of Rome and Milan.
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.

UnipolService provides car repair services for UnipolSai Assicurazioni, while UnipolGlass provides glass-fitting services.

Again in the course of 2023, UnipolRe DAC carried out for UnipolSai Assicurazioni administrative and accounting services for inwards and outwards reinsurance with reference to treaties in run-off.

UnipolSai Investimenti SGR administered on behalf of UnipolSai the units of real estate funds owned by UnipolSai. However, this service is no longer provided as of 1 April 2023, as the activity was insourced to UnipolSai and, therefore, the contract with the asset management company was terminated.

Leithà designs, develops and provides to UnipolSai 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.

UnipolAssistance provides the following services for the Companies of the Consortium:
- ✓ 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.
- ✓ Contact centre activities for the customers, specialists and agencies of the Group.

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

UnipolHome provides direct repair services to UnipolSai for insurance products that include this solution.

Welbee designs, develops and provides welfare plans for UnipolSai employees, made available through a digital platform, which focus primarily on flexible benefits in the welfare and health sectors.

Tantosvago provides Welbee with content services and corporate welfare experiences; in addition, the company designs, develops and provides incentive, loyalty and prize competition programmes for UnipolSai.

The transactions described above were concluded in compliance with applicable regulations, i.e. the cases set out in Art. 2391 of the Civil Code (Directors' interests), the Policy on intragroup transactions and the regulations of transactions with related parties.

Moreover, it is noted that UnipolSai conducts the following normal transactions with Group companies:
- reinsurance and coinsurance;
- leasing of property and other tangible assets;
- agency mandates;
- brokerage of collections and payments;
- secondment of personnel;
- long-term vehicle rental;
- training project management.

These transactions, which do not include atypical or unusual transactions, are settled at normal market conditions.

Please see what is reported below in the "Significant events in 2023" section for a description of the extraordinary transactions carried out with Group companies.

Lines of Business

The Company carries out insurance and reinsurance activities both in the Non-Life sector and in the Life sector, and operates in the following Lines of Business ("LoB"), as specified in Annex I of the Delegated Regulation 2015/35:

Line of business Non-Life/Life

	NON-LIFE	
A	**Non-Life insurance obligations**	
1	*Medical expense insurance*	Medical expense insurance obligations where the underlying business is not pursued on a similar technical basis to that of life insurance.
2	*Income protection insurance*	Income protection insurance obligations where the underlying business is not pursued on a similar technical basis to that of life insurance, other than obligations included in line of business 3.
4	*Motor vehicle liability insurance*	Insurance obligations which cover all liabilities arising out of the use of motor vehicles operating on land (including carrier's liability).
5	*Other motor insurance*	Insurance obligations which cover all damage to or loss of land vehicles (including railway rolling stock).
6	*Marine, aviation and transport insurance*	Insurance obligations which cover all damage or loss to sea, lake, river and canal vessels, aircraft, and damage to or loss of goods in transit or baggage irrespective of the form of transport. Insurance obligations which cover liabilities arising out of the use of aircraft, ships, vessels or boats on the sea, lakes, rivers or canals (including carrier's liability).
7	*Fire and other damage to property insurance*	Insurance obligations which cover all damage to or loss of property other than those included in the lines of business 5 and 6 due to fire, explosion, natural forces including storm, hail or frost, nuclear energy, land subsidence and any event such as theft.
8	*General liability insurance*	Insurance obligations which cover all liabilities other than those in the lines of business 4 and 6. (9)
9	*Credit and suretyship insurance*	Insurance obligations which cover insolvency, export credit, instalment credit, mortgages, agricultural credit and direct and indirect suretyship.
10	*Legal expenses insurance*	Insurance obligations which cover legal expenses and cost of litigation.
11	*Assistance*	Insurance obligations which cover assistance for persons who get into difficulties while travelling, while away from home or while away from their habitual residence.
12	*Miscellaneous financial loss*	Insurance obligations which cover employment risk, insufficiency of income, bad weather, loss of benefit, continuing general expenses, unforeseen trading expenses, loss of market value, loss of rent or revenue, indirect trading losses other than those mentioned above, other financial losses (non-trading) as well as any other risk of non-life insurance not covered by the lines of business 1 to 11.
B	**Proportional non-life reinsurance obligations**	
13-24	Proportional reinsurance obligations which relate to the obligations included in lines of business 1 to 12 respectively.	
C	**Non-proportional non-life reinsurance obligations**	
25	*Non-proportional health reinsurance*	Non-proportional reinsurance obligations relating to insurance obligations included in lines of business 1 to 3
26	*Non-proportional casualty reinsurance*	Non-proportional reinsurance obligations relating to insurance obligations included in lines of business 4 and 8.
27	*Non-proportional marine, aviation and transport reinsurance*	Non-proportional reinsurance obligations relating to insurance obligations included in line of business 6.
28	*Non-proportional property reinsurance*	Non-proportional reinsurance obligations relating to insurance obligations included in lines of business 5, 7 and 9 to 12.
	LIFE	
D	**Life insurance obligations**	
30	*Insurance with profit participation*	Insurance obligations with profit participation.
31	*Index-linked and unit-linked insurance*	Insurance obligations with index-linked and unit-linked benefits.
32	*Other life insurance*	Other life insurance obligations.
E	**Life reinsurance obligations**	
36	*Life reinsurance*	Reinsurance obligations which relate to the obligations included in lines of business 30 to 32.

The Company operates mainly in Italy, but also, to a marginal extent, under the freedom to provide services regime in some EU and non-EU countries. Please see Par. A.2, which deals with the underwriting activity performance, for a breakdown of the results in terms of lines of business and geographic areas.

Significant events in 2023

Optimisation of the Group structure as part of the "Opening New Ways" 2022-2024 Strategic Plan

UniSalute 2.0

As provided for in the 2022-2024 Strategic Plan, at the beginning of 2023, after a pilot phase, the "UniSalute 2.0" project was definitively launched. With the launch of this project, the Group decided to transform UniSalute into the only product factory for the Health class. During 2023, the possibility of acquiring new UnipolSai brand business was progressively restricted, and the existing portfolio was progressively replaced with new UniSalute products. The project was also extended to the banking channel: after the pilot phase carried out on the Banco di Sardegna branches (BPER Group), starting from 9 January 2023 the offer of ACUORE health policies under the UniSalute brand was also made available at all branches of BPER Banca and Banca Popolare di Sondrio. In this way, UniSalute takes over from Arca Assicurazioni with the aim of becoming the only carrier of the Group in the healthcare sector across all sales channels.

Acquisition of the Santagostino Medical Centres

On 16 December 2022, UnipolSai signed the contract to acquire the entire share capital of Società e Salute SpA, a company operating in the private healthcare sector under the brand name "Centro Medico Santagostino", from the L-GAM investment fund. The company holds a 100% interest in Santagostino Servizi e Prodotti, specialised in the sale of sanitary items such as eyewear and hearing aids. The acquisition was finalised on 3 April 2023 for a consideration of €105,422k, of which €5,000k deposited in an escrow account in the name of UnipolSai with a lien in favour of the sellers. This amount constitutes a guarantee in favour of UnipolSai for the indemnities laid out in the purchase agreement in relation to the obligations and warranties of the sellers.
In December 2023, the subsidiary opened a new 3-floor health centre in Rome's Garbatella district, with 6 clinics and 36 specialties, to offer quality clinical and specialist services ranging from gynaecology to dermatology, from ophthalmology to otolaryngology, physiatry, nutrition and diagnostic imaging. At the end of 2023, Santagostino health centres are present locally with 38 locations in Milan, Sesto San Giovanni, Buccinasco, Rho, Monza, Nembro, Bologna, Brescia and Rome, and are part of the development roadmap outlined with the Beyond Insurance Enrichment Strategic Guideline of the Opening New Ways Strategic Plan.

Dyadea: two new medical centres

The network of Dyadea healthcare facilities was enriched during June 2023 with two new Medical Centres: the first at the Interporto Bologna hub and the second in Monza (MB). The positioning of the Unipol Group in the private healthcare sector is therefore expanded, in line with the Beyond Insurance Enrichment guideline of the *"Opening New Ways" 2022-2024 Strategic Plan.*

Plan for the merger by incorporation of Centri Medici Dyadea into Società e Salute

On 21 September 2023, the Boards of Directors of Dyadea S.r.l. and Società e Salute S.p.A. approved the merger by incorporation into Società e Salute S.p.A. of Centri Medici Dyadea S.r.l. The merger is part of a broader industrial and strategic project for the reorganisation of the Unipol Group to simplify the Group's corporate structure so that all healthcare facilities can be brought together under a single corporate vehicle in order to standardise processes and business procedures and, also, create economies of scale and industrial synergies. The merger plan was approved by the Shareholders' Meetings of the two companies on 10 October 2023.

Integration of SIFÀ into UnipolRental

At its meeting on 23 March 2023, the Board of Directors of UnipolSai Assicurazioni SpA approved an industrial project in the long-term rental business with BPER Banca SpA (the "Framework Agreement") which, *inter alia*, provided for the integration via merger by incorporation of SIFÀ - Società Italiana Flotte Aziendali SpA (a company belonging to the BPER Group) into Unipol*Rental* SpA. This project, developed as part of the "Beyond Insurance Enrichment" strategic guideline, more specifically the "Mobility" ecosystem of the "Opening New Ways" 2022-2024 Strategic Plan, aimed to create an operator of national significance in the long-term rental sector. Following the approval of the merger deed by the respective Shareholders' Meetings and its subsequent filing with the register of companies, the merger became effective for legal, accounting and tax purposes on 1 July 2023. For the merger, the share capital of the incorporating company was increased from €25,000,000 to €31,244,899, with the assignment of the newly issued shares to BPER Banca, formerly the 100% parent company of SIFÀ. With the completion of the merger, BPER acquired a stake in Unipol*Rental* corresponding to 19.987% of the share capital and UnipolSai, formerly the sole shareholder of UnipolRental, holds the residual shareholding equal to 80.013% of the share capital.

It should also be noted that, on the Unipol*Rental* shares held by BPER, UnipolSai and BPER have mutually granted an option, by virtue of which: (i) BPER will have the right to sell to UnipolSai its entire investment in Unipol*Rental*, exercising the related right within 60 days of the approval of the financial statements of Unipol*Rental* at 31 December 2025; (ii) UnipolSai will have the right to purchase the entire investment held by BPER, being able to exercise the relevant option within 60 days following the expiry of the deadline granted in favour of BPER for the exercise of the relevant put option. The exercise price of the options will be determined on the basis of a multiple of Unipol*Rental*'s profit for the year at 31 December 2025, normalised if necessary to neutralise any impact on the profit for the year arising from the indemnity scheme.

Lastly, it should be noted that, in relation to the Framework Agreement, guarantees have been provided for the benefit of Unipol*Rental* to indemnify the company resulting from the merger in connection with any inaccuracy or untruthfulness of the representations and warranties set forth in the executed Framework Agreement.

Disposal of the equity investment in Incontra Assicurazioni

On 7 July 2023, the contract relating to the sale to Unicredit SpA of the equity investment held by UnipolSai in Incontra Assicurazioni SpA, equal to 51% of the share capital, was executed. The transaction, scheduled as part of the 2022-2024 Strategic Plan, whose projections had taken into account the planned disposal, was completed on 30 November 2023, with the disposal by UnipolSai of all of the shares held for an equivalent value of €58,532,700, realising a capital gain of €46.7m. There are no price adjustment mechanisms. At the same time, UnipolSai acquired shares of UnipolAssistance Scrl from Incontra Assicurazioni for a nominal amount of €774, corresponding to 0.15% of the share capital, for an equivalent value of €3,963.87.

Merger by incorporation of UnipolRe into UnipolSai

The Boards of Directors of UnipolRe DAC and UnipolSai Assicurazioni SpA, which met on 20 March and 23 March 2023, respectively, approved the plan for the merger by incorporation of UnipolRe DAC - a reinsurance company wholly owned by the Company through UnipolSai Nederland B.V. - into UnipolSai Assicurazioni, in order to (i) simplify the organisational structure of the Unipol Group; (ii) strengthen governance by Unipol Group structures; (iii) optimise the allocation of investments; (iv) pursue cost synergies; and (v) optimise fungibility and capital absorption.

On 2 August 2023, UnipolSai Nederland B.V. in liquidatie - after receiving authorisation from the District Court of Amsterdam - transferred to the sole shareholder UnipolSai Assicurazioni by way of distribution in kind, as part of the voluntary liquidation process started on 27 October 2022, the investment held in UnipolRe designated activity company, amounting to 375,635k shares representing 100% of the share capital of UnipolRe.

On 9 August 2023, the merger project was registered with the competent Register of Companies, as well as with the Irish Companies Registration Office, subject to the authorisation by IVASS, received on 8 August 2023 after obtaining the relative opinion in favour of the Central Bank of Ireland, pursuant to and for the purposes of Art. 201 of Italian Legislative Decree no. 209 of 7 September 2005 and Art. 23 of IVASS Regulation no. 14/2008. Since this is a simplified merger, the cross-border merger was approved - pursuant to Arts. 2502 and 2505, paragraph 2, of the Civil Code and Art. 17 of the By-Laws - by the UnipolSai Board of Directors on 28 September 2023, and the approval resolution set forth in a public deed was registered with the Bologna Register of Companies on 29 September 2023.

The deed of merger, signed on 14 December 2023, was entered in the Register of Companies held by the Bologna Chamber of Commerce on 20 December 2023.

The Merger, pursuant to Art. 2505 of the Civil Code, did not result in any share swap or ensuing share capital increase of the incorporating company as the entire share capital of the incorporated company was already directly held by UnipolSai.

The Merger became effective for legal, accounting and tax purposes as of 31 December 2023. As a result of the merger, UnipolSai acquired the assets and liabilities of UnipolRe at 31 December 2023, measured at current values, as a balancing entry to the cancellation of the equity investment held, appropriately written down to the value of the net assets acquired.

UnipolSai's support for the populations struck by floods in Emilia Romagna and Tuscany

On 17 May 2023, UnipolSai launched a structured and integrated plan of actions in favour of populations affected by the May floods in the Emilia Romagna 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. In addition to the aforementioned interventions in favour of customers, the Company, with the collaboration of the US entrepreneur Elon Musk, through his company SpaceX, purchased the Starlink terminals which enabled rescue workers, essential and strategic services (e.g. hospitals) and the flood-affected population to have access to the Internet. In June 2023, the purchased terminals were distributed and installed throughout the country so as to ensure continuity of activities.
On 7 November 2023, UnipolSai also launched a structured and integrated plan of actions in favour of populations affected by the November floods in Tuscany, 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 participates together with the main Italian insurance companies in the Eurovita rescue operation

On 29 June 2023, the Board of Directors of UnipolSai Assicurazioni approved the Company's participation in the rescue operation scheme to protect Eurovita policyholders, together with Allianz, Assicurazioni Generali, Intesa Sanpaolo Vita and Poste Vita (jointly, the "Companies").

On 3 August 2023, the Companies established the NewCo Cronos Vita S.p.A. Following the receipt of IVASS authorisation to carry out insurance activities, the NewCo was renamed Cronos Vita Assicurazioni S.p.A. ("Cronos Vita").
At 31 December 2023, the share capital of Cronos Vita amounted to €60m and was subscribed in equal shares of 22.5% by UnipolSai, Generali Italia, Intesa Sanpaolo Vita and Poste Vita, with Allianz subscribing the remaining 10%. The total payments made by UnipolSai in the form of share capital in favour of Cronos Vita amounted to €49.5m. At 31 December 2023, UnipolSai's investment in Cronos Vita Assicurazioni consisted of 13,500,000 shares for a carrying amount of €49.5m.

With effect from 30 October 2023, Eurovita S.p.A. transferred a company complex to Cronos Vita comprising the entire portfolio of Eurovita policies, placed under compulsory administrative liquidation on 27 October 2023.

Cronos Vita is managing the run-off of this portfolio for the time strictly necessary (i) for the precise identification of the distinct business units making up the company complex to be assigned to the Companies and (ii) the subsequent transfer of these units to them (or, subject to the approval of the banks involved in the transaction, their subsidiaries).
The deadline established for completing the transfer of the business units to the Companies is 24 months from the above-mentioned effective date of the transfer to Cronos Vita of the business unit, without prejudice to any delays caused by objective technical or authorisation issues.

As of 31 October 2023, IVASS Measure of 6 February 2023, which had temporarily suspended the right of Eurovita policyholders to exercise their right to Redemptions, stopped being effective. To ensure the success of the transaction and a balancing of the respective risks and charges between the parties involved, 30 banks, including the banks distributing Eurovita products and certain system banks, have indicated their willingness, subject to the issue of specific guarantees by part of Eurovita and, alternatively, its shareholders, to grant loans to the company to cover part of the early redemptions relating to the policies linked to segregated funds distributed by the banks and included in the company complex.

Repayment of subordinated liabilities

On 24 July 2023, UnipolSai fully repaid the Mediobanca Tier 1 subordinated loan with an original nominal value of €400,000k, through repayment of the fifth and final tranche of €80,000k as indicated in the contractually envisaged repayment plan.

Moody's changed UnipolSai's outlook from negative to stable

On 22 November 2023, the rating agency Moody's Investor Service confirmed the Insurance Financial Strength Rating of UnipolSai Assicurazioni S.p.A. as "Baa2", i.e. one notch above the Italy rating (Baa3/Stable Outlook), improving the outlook from "Negative" to "Stable" after similar action taken on the country rating. In its decision, the Moody's Committee considered the high exposure of the Company's assets and liabilities to the country.

Cancellation of UnipolReC from the Register of financial intermediaries (Art. 106, Consolidated Law on Banking)

At the meeting of 7 February 2023, the Board of Directors of UnipolReC SpA, in acknowledging that, following the sale en bloc without recourse of the entire loan portfolio in favour of AMCO – Asset Management Company SpA, completed pursuant to Art. 58 of the Consolidated Law on Banking on 14 December 2022, the continuation of financial intermediation activities pursuant to Art. 106 of the Consolidated Law on Banking no longer satisfies the interests of the Unipol Group, resolved, among other things, on the proposal to adopt a new corporate purpose with consequent waiver of exercise of the activity reserved to it pursuant to Art. 106 of the Consolidated Law on Banking. This proposal was submitted for approval to the Shareholders' Meeting of UnipolReC, subject to the issue by the Bank of Italy of the authorisation required pursuant to Bank of Italy Circular no. 288 of 3 April 2015. The company was struck off from the Register of financial intermediaries on 11 December 2023.

Advertising and Sponsorships

Partnership renewed between UnipolSai and Ducati Corse
On 23 January 2023, during the official presentation of Ducati for the 2023 season of the MotoGP World Championship, the partnership between UnipolSai and the Borgo Panigale team was renewed, for the seventh consecutive year confirming the common path of two Italian excellences united in the sharing of values, passion and approach to innovation.

UnipolSai advertising campaign is back
In 2023, UnipolSai was back on air with the multimedia advertising campaign "**Sempre un passo avanti**" (Always One Step Ahead), aimed at highlighting the possibility for customers to "truly choose the future" through UnipolSai, a leader in MV insurance in Italy, with over 10 million customers and around 4 million connected cars. At the same time, the creative concept underlines the authority, reliability and innovative vocation of UnipolSai, thanks to the offer of insurance solutions combined with cutting-edge technological services.

UnipolSai Title Sponsor of the top basketball championship
On 8 June 2023, as part of the Finals 2023 presentation event, UnipolSai announced the renewal of the partnership for the 2023/2024 and 2024/2025 seasons. A renewal that leverages on the remarkable synergy generated in the first three years of the 2020-2023 collaboration with effective results, in terms of visibility, brand equity and engagement, generated by the Title Sponsorship on the various media channels and "on field" in all the championship venues.

UnipolSai and the World Swimming Championships
At the Aquatics World Championships, which ended on 31 July 2023 in Japan, the Italian athletes of the Italian Swimming Federation, of which UnipolSai is the main sponsor, won 14 medals; this is one of the most significant results achieved at a world championship by the Italian national team, although it did not meet the record set in Budapest 2022. Indeed, in this twentieth edition of the world championships, the Italian Swimming Federation is the only delegation that managed to place a swimmer on the podium in every discipline, with eight also qualifying for the 2024 Paris Olympics.

Dominate The Water: swimming and marine protection with UnipolSai
In August 2023, the Dominate the Water swimming event circuit was held, for which UnipolSai is the main partner. This is a two-day open water competition aimed at raising awareness around sea protection, with competition formats for all ages and degrees of preparation. DTW was founded with the desire to safeguard the marine environment by promoting open water swimming, which is still not very popular in Italy, combining sport, sea protection and the promotion of local areas with the development of a real green economy.

A.2 Underwriting performance

Introduction

Starting from the 2023 Solvency and Financial Condition Report, in order to provide a presentation of the Company's economic results that is more consistent with what is presented in the financial statements and with the underlying management approach, the **Underwriting performance** commented on in this section corresponds:

- with reference to the non-life insurance business, to the result of the technical account net of the item Investment income transferred from the non-technical account (item 2. of the non-life technical account);

- with reference to the life insurance business, to the result of the life technical account[4].

The underwriting performance thus determined differs from the balance of the economic figures presented in the quantitative model ("Quantitative Reporting Template" or "QRT") S.05.01.02 "Premiums claims and expenses by LoB" included in the annexes of this report and which until 2022 constituted the scope of gains and losses commented on in section A.2 Underwriting performance.
The main differences between the economic components included in underwriting performance and in the QRT mentioned above concern:

- gains and losses from investments of the Life business (with the exception of expenses), included in underwriting performance and excluded from QRT S.05.01.02;
- the change in supplementary provisions for premiums, provisions for sureties, ageing and non-life equalisation as well as the change in mathematical provisions and other life technical provisions, included in underwriting performance and excluded from QRT S.05.01.02;
- non-life investment management expenses included in QRT S.05.01.02 and not included in underwriting performance.

The **Investment performance**, pursuant to section A.3 below, was therefore determined, including all financial gain and loss components (ordinary and extraordinary) within the scope, even if they also fall within QRT S.05.01.02.

The **Performance of other activities** (section A.4) therefore includes all economic components not included in the previous sections, such as other ordinary and extraordinary non-financial gains and losses.

[4] It should be noted that the income and charges commented on in chapter A.3 Investment performance include sections 2, 3, 4, 9, 10 and 11 (limited to financial components) of the life technical account, which constitute Income from investments.

It should be noted that, in order to allow for a like-for-like comparison, the results for the year 2022 were restated on the basis of criteria consistent with those described above.

Non-Life insurance business

To comment on the performance of the non-life and life insurance business, the following tables show:

- premiums by LoB;
- underwriting performance based on business type;
- the comparison of the underwriting performance grouped for the financial statements macro-item, with a comparison with the previous year.

Non-life premiums written 2023 e 2022

Amounts in €k	Line of business	2023	2022	Change 2023-2022
Insurance and reinsurance obligations (direct business and accepted proportional reinsurance)	1- Medical expense insurance	571,156	533,647	37,509
	2-Income protection insurance	556,433	567,621	(11,188)
	3-Workers' compensation insurance			
	4-Motor vehicle liability insurance	2,822,246	2,735,917	86,329
	5- Other motor insurance	888,816	832,738	56,079
	6-Marine, aviation and transport insurance	23,217	20,640	2,577
	7-Fire and other damage to property insurance	1,201,086	1,146,838	54,248
	8-General liability insurance	763,046	725,742	37,304
	9-Credit and suretyship insurance	25,976	26,257	(281)
	10-Legal expenses insurance	18,180	17,843	337
	11-Assistance	220,208	227,327	(7,118)
	12-Miscellaneous financial loss	65,940	64,475	1,465
Accepted non-proportional reinsurance	13- Health	219	188	31
	14-Casualty	2,178	918	1,260
	15-Marine, aviation and transport			
	16-Property	379	384	(5)
	Total	7,159,081	6,900,534	258,547

During 2023, two significant phenomena characterised premium performance:

- the **monthly split**, a form of free instalment plan introduced for customers on the main UnipolSai products;
- the **UniSalute 2.0 project**, involving the sale by the UnipolSai agency network of **UniSalute** brand Health products, therefore channelling a portion of premiums towards the Group's specialist Company.

Direct premiums at 31 December 2023 amounted to €6,951,661k, up by 1.0% compared to 2022, due to MV growth, which closed at +2.2%, while the non-MV segment closed down by 0.4%. The effects of monthly instalment plans had a greater impact on the MV classes. Also considering indirect business, premiums acquired during the year amounted to €7,439,826k (€7,199,940k in 2022).

In MV, growth concerned both MV TPL, where the increase in the average premium offset the reduction in the portfolio, as well as the Land Vehicle Hulls class.
In the Non-MV segment, growth in premiums was basically widespread across the main classes, with the exception of Accident and Health. This phenomenon is particularly evident in the retail sector, where the difficulties deriving from the macroeconomic context, along with the high rate of inflation, caused a significant contraction in insurance spending capacity.
All of this was reflected, as concerns policyholders, in increasingly greater recourse to monthly premium payments on standardised products, which slows down incoming cash flows, in addition to giving up all insurance coverage not seen as a priority, such as policies covering traffic accidents.
Therefore, there is a negative balance between the number of contracts acquired and those that expired, also considering that the various sales initiatives implemented have only partially managed to support development and retention.
In the collective risk coverage segment, on the other hand, higher collections were recorded, also due to some acquisitions and coverage reforms of significant customers.
The **Fire** segment recorded significant premium growth in 2023 basically due to portfolio tariff adjustment actions, while the increase in **Other TPL** premiums was widespread across the various sectors, with the exception of Public Entities and those sectors with activities linked to certifications for the 110% Superbonus.

Total premiums of inwards reinsurance acceptances reached a total of €488,165k at 31 December 2023 (€316,886k at 31/12/2022), nearly entirely attributable to the Non-Life business.
In the Non-Life business, the values refer mainly to the treaty entered into starting from 2020 with the subsidiary UniSalute, which calls for the proportional ceding of 50% of Health and Accident business. More generally, indirect business refers to acceptances from Group companies and in particular from the subsidiaries UniSalute for €396,488k and Linear for €23,829k.

Non-Life underwriting performance 2023

		Direct insurance risks		Indirect insurance risks		Retained risks
		Direct risks	Ceded risks	Accepted risks	Retroceded risks	Total
Amounts in €k		1	2	3	4	5 = 1 - 2 + 3 - 4
Written premiums	+	6,951,661	278,896	488,007	1,690	7,159,081
Change in premium provision (+ or -)	–	20,291	2,333	52,173	(673)	70,804
Charges relating to claims	–	5,214,135	576,580	309,164	(832)	4,947,551
Change in sundry technical provisions (+ or -)	–	(260)		367		107
Balance of other technical items (+ or -)	+	(100,586)	30,209	(787)	182	(131,764)
Operating expenses	–	2,032,574	80,773	130,438	123	2,082,116
Change in equalisation provisions (+ or -)	–					(45,764)
Underwriting performance (+ o -)		**(415,665)**	**(350,582)**	**(4,922)**	**3,255**	**(27,496)**

Non-Life underwriting performace 2023 and 2022

Amounts in €k		FY 2023	FY 2022	Change on 2022
Written premiums	+	7,159,081	6,900,534	258,547
Change in premium provision (+ or -)	–	70,804	88,302	(17,498)
Charges relating to claims	–	4,947,551	4,316,108	631,443
Change in sundry technical provisions (+ or -)	–	107	167	(60)
Balance of other technical items (+ or -)	+	(131,764)	(85,509)	(46,255)
Operating expenses	–	2,082,116	2,090,715	(8,599)
Change in equalisation provisions (+ or -)	–	(45,764)	6,457	(52,221)
Underwriting performance (+ o -)		**(27,496)**	313,276	(340,772)

Overall, the Non-Life business recorded a negative underwriting performance of €27,496k (positive €313,276k at 31/12/2022).

Premiums written, equal to €7,159,081k (€6,900,534k at 31/12/2022), are stated net of reinsurance and are composed of gross premiums related to direct business for €6,951,661k (€6,883,054k at 31/12/2022) and indirect business for €488,007k (€316,860k at 31/12/2022), net of the premiums ceded and retroceded amounting to €280,586k (€299,380k at 31/12/2022).

With regard to claims reported, 2,310,417 claims were received during the year with reference to all Non-Life classes, an increase of 7.9% compared to those received in 2022 mainly due to hail events that occurred in the month of July, exceptional in terms of both frequency and magnitude.
In 2023, the Claims Area managed 1,405,324 claims reported during the year for the Company (of which roughly 72% have already been settled with payment) in addition to 406,836 claims from previous years outstanding at 1 January or reopened (of which nearly 67% already settled with payment).
"Fault" claims (Non-Card, Debtor Card or Natural Card) totalled 494,312, down by 1.6% (502,475 in 2022).
Claims that present at least a Debtor Card claims handling totalled 298,345 (+4.4%) compared to the same period in the previous year.
Handler Card claims were 367,020 (including 80,847 Natural Card claims, claims between policyholders at the same company), up by 3.3%. The settlement rate in 2023 was 78.1%, slightly down from the same period of last year (78.9%).
The weight of cases to which the Card agreement may be applied (both Handler Card and Debtor Card claims)[5] out of total cases (Non-Card + Handler Card + Debtor Card) in 2023 was equal to 85.3% (82.6% in 2022).
The change is largely due to the entry into the CARD regime as of 1 January 2023 of some foreign companies that previously did not participate in the direct compensation scheme. The different management of claims involves a reassignment between Non-Card and Card claims.

The average cost (amount paid plus amount reserved) for claims reported and handled (including claims incurred but not reported) increased by 1.5% in 2023 (+4.5% in 2022). The average cost of the amount paid out rose by 3.5% (+5.2% in 2022).

Overall, charges relating to claims for the current and previous years, net of reinsurance, came to €4,947,551k, and rose compared with 2022 (+14.6%).

[5] "Debtor Card claims" are those claims managed by other companies for which their policyholders are fully or partially liable, and are settled through a specific clearing house set up at CONSAP.
"Handler Card claims" are those managed by companies whose policyholders are not liable, either fully or partially. In these cases, the company receives a lump-sum repayment from the counterparty's insurance company. Lastly, Non-Card claims are those which do not fall within the Card agreement.

With regard to Italian direct business, claims paid from the current and previous years resulted in an outlay (net of coinsurers' share and recoveries, including appraisal costs) of €4,218,447k, an increase of €284,315k compared with 2022 (+7.2%).
Total Non-Life technical provisions reached €14,625,432k at the end of the year, an increase of €1,561,755k (+12.0% compared with 31/12/2022), amounting to 196.6% of premiums acquired (181.4% at 31/12/2022).

In 2023, there were exceptional catastrophic events in our country, mainly attributable, in terms of the extent of the damages insured by our Company, to the flood that struck Emilia-Romagna in May and to the hail events on the regions of Northern Italy at the end of July. These events caused a significant deterioration in the direct business combined ratio, including the balance of other technical items and calculated entirely on premiums earned, which reached 106.0% at 31 December 2023, compared to 93.5%[6] at 31 December 2022. The loss ratio, including the balance of other technical items, was 76.7% (compared to 63.0% in 2022), while the expense ratio came to 29.3% of premiums written (compared to 30.6%[7] at 31/12/2022). The incidence of other technical items was stable (1.4% compared to 1.3% in 2022). Against the backdrop of the natural events mentioned above, there were significant recoveries thanks to reinsurance coverage and, therefore, the combined ratio net of reinsurance was 101.0%.
In this regard, the significant reduction in equalisation reserves at the end of 2023 can be attributed to the full use of the reserve existing at the end of the previous year in relation to the Fire class in the amount of €48,924k following the catastrophic events that occurred during the year.

Technical items, amounting to €131,764k in net charges (€85,509k at 31/12/2022), consist of technical charges, net of reinsurance, which at 31 December 2023 amounted to €145,674k (€99,422k in 2022), for:

- €111,986k relating to direct business,
- €1,262k relating to indirect business and,
- €32,426k relating to premiums ceded.

In direct business, the most important items regard cancellations of premiums of previous years for €47,605k, "black box" costs for €44,738k and the management rights of the CARD room for €13,521k.
Premiums ceded mostly included the estimate of reinstated premiums envisaged contractually by reinsurance treaties and estimated as €32,267k on the basis of the claims provisions at 31 December 2023.

Other technical income, net of reinsurance, amounted to €17,002k at 31 December 2023 (€15,866k at 31/12/2022) and included €1,154k relating to the Land Vehicle TPL class, consisting of expense recoveries for the management of claims on behalf of companies, €680k for commission recoveries and €8,080k for the reversal of commissions on premiums of previous years cancelled. Reinsurance items included €1,789k as reinstated premiums envisaged contractually by reinsurance treaties and estimated on the basis of the claims provisions at year end.

Operating expenses in the Non-Life business, including acquisition and collection commissions and other acquisition costs and administrative expenses, amounted to €2,082,116k compared with €2,090,715k in 2022. The impact on premiums earned - direct business came to 29.3% (30.6%[8] in 2022).

Life insurance business

Similar to what is reported to show the performance of the non-life segment, the tables referring to the life segment are provided below.

[6] The value of the combined ratio of the previous year was restated, for consistency with the new calculation method applied starting from 2023, which incorporates a Non-Life expense ratio determined in relation to premiums earned rather than premiums written in order to avoid distortions as a result of the initiation of monthly premium instalment plans.

[7] The value of the expense ratio for the previous year was restated, for consistency with the new calculation method applied starting from 2023, which for the Non-Life segment relates operating expenses to premiums earned rather than premiums written in order to avoid distortions as a result of the initiation of monthly premium instalment plans.

[8] The value of the expense ratio for the previous year was restated, for consistency with the new calculation method applied starting from 2023, which for the Non-Life segment relates operating expenses to premiums earned rather than premiums written in order to avoid distortions as a result of the initiation of monthly premium instalment plans.

Life premiums written 2023 e 2022

Amounts in €k	Line of business	2023	2022	Change 2023-2022
Life insurance obligations	1-Health insurance			
	2-Insurance with profit participation	1,748,161	1,724,476	23,685
	3-Index-linked and unit-linked insurance	1,936,753	1,560,726	376,027
	4-Other life insurance	117,771	99,441	18,330
	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	150	25	126
	Total	3,802,835	3,384,668	418,167

Total premiums (direct and indirect business) for 2023 came to €3,811,025k, up significantly compared with the previous year (+12.3%), and relates almost exclusively to direct business (€3,810,867k). Net of premiums ceded and retroceded, they amounted to €3,802,835k.

The policies pertaining to the Insurance with profit participation LoB recorded premiums written of €1,748,161k (€1,724,476k at 31/12/2022), while the Index-linked and unit-linked insurance LoB, with premiums written for €1,936,753k (€1,560,726k at 31/12/2022), which 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, marked the most significant increase compared to the previous year. During the 2023 financial year, UnipolSai indeed benefited from the recognition of new pension fund management mandates that made a significant contribution to the performance achieved.

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.

Life underwriting performance 2023

Amounts in €k		Direct insurance risks: Direct risks 1	Direct insurance risks: Ceded risks 2	Indirect insurance risks: Accepted risks 3	Indirect insurance risks: Retroceded risks 4	Retained risks: Total 5 = 1 - 2 + 3 - 4
Written premiums	+	3,810,867	8,183	158	9	3,802,834
Charges relating to claims	–	3,186,800	3,394	(65)	(93)	3,183,434
Change in mathematical provisions and other technical provisions (+ or -)	–	1,471,458	58	33		1,471,432
Balance of other technical items (+ or -)	+	(4,793)	1,591	(3)		(6,387)
Operating expenses	–	159,669	497	54	1	159,225
Investment income transferred to the non-technical account (*)	+	1,222,924		26		1,222,950
Underwriting performance (+ o -)		**211,072**	**5,824**	**161**	**101**	**205,307**

(*) Algebraic sum of the entries regarding the Italian portfolio included in the items II.2, II.3, II.9, II.10 and II.12 of the Income Statement.

Life underwriting performance 2023 e 2022

Amounts in €k		FY 2023	FY 2022	Change on 2022
Written premiums	+	3,802,834	3,384,668	418,166
Charges relating to claims	–	3,183,434	2,595,214	588,219
Change in mathematical provisions and other technical provisions (+ or -)	–	1,471,432	721,922	749,510
Balance of other technical items (+ or -)	+	(6,387)	(9,221)	2,834
Operating expenses	–	159,225	157,650	1,574
Investment income transferred to the non-technical account (*)	+	1,222,950	(27,481)	1,250,431
Underwriting performance (+ o -)		**205,307**	**(126,820)**	332,127

(*) Algebraic sum of the entries regarding the Italian portfolio included in the items II.2, II.3, II.9, II.10 and II.12 of the Income Statement.

The underwriting performance shows a positive balance of €205,307k, compared to a negative €126,820k in the previous year, highly impacted by the lower financial profitability linked to market trends.

Premiums written, equal to €3,802,834k (€3,384,668k at 31/12/2022), correspond to the amount of gross premiums relating to direct business for €3,810,867k (€3,392,497k at 31/12/2022) and indirect business for €158k (€27k at 31/12/2022), net of the premiums ceded and retroceded for €8,192k (€7,856k at 31/12/2022).

Claims incurred amounted, net of reinsurance, to €3,183,434k (€2,595,214k at 31/12/2022), of which €3,186,800k relating to direct business (€2,594,642k at 31/12/2022), net of €3,301k in claims ceded and retroceded (€4,643k at 31/12/2022).

The variation in other provisions totalled a negative €1,471,458k (negative €721,056k net at 31/12/2022), net of the share reinsured and retroceded equal to a cost of €58k (€408k at 31/12/2022), and consisted mainly of:

- the cost for the change in mathematical provisions for €167,184k (cost of €346,977k at 31/12/2022);
- the cost for the change in class D provisions for €1,638,642k (cost of €392,294k at 31/12/2022).

The other technical income, net of reinsurance (item II.4), amounted to €53,676k (€46,150k the 2022 figure) and included €51,965k of commissions for investments relating to benefits linked to investment funds and market indices and investments arising from pension fund management.
Other technical charges, net of reinsurance (item II.11), equal to €59,021k (+7.3% compared to the 2022 figure), mainly comprised:

- management fees for €44,988k;
- cancelled premiums of previous years for €10,296k;
- commissions on investments related to Unit-Linked policies and pension funds for €1,484k.

The net balance at 31 December 2023 therefore amounted to charges of €6,387k compared to €9,221k in the previous year.

Operating expenses, including acquisition and collection commissions and other acquisition costs and administrative expenses, amounted to €159,225k (up by 1.0% compared to 31/12/2022), with an incidence on direct premiums written of 4.2%, a decrease of 4.7% compared to the previous year, mainly due to the increase in the volume of premiums, as mentioned above.

The investment income net of the share transferred to the non-technical account amounted to €1,222,950k, compared to -€27,481k in the previous year, affected by lower financial profitability linked to market performance.

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:

a) 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;
b) the country in which the secondary office is located (host country), if the contract was sold through a branch;
c) 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 Company carries out its insurance activity almost exclusively (more than 99% of premiums) in Italy. In accordance with Annex II of Implementing Regulation (EU) 2023/895, the QRTs attached to this report do not include QRT S.04.05.21 as the country of origin of the company represents more than 90% of total gross premiums written.

A.3 Investments performance

Financial operations in 2023 were consistent with the Investment Policy guidelines adopted by the Company and with recommendations of the Group Investments Committee and Financial Investments Committee.

The criteria of high liquidity of investments and prudence were the guidelines of the investment policy, maintaining the necessary consistency with the liability profile. The investment policy applied the criteria of optimising the portfolio's risk-return profile.

2023 was characterised by operations focused on bonds and stocks. There was a decrease in the weight of the investment in government securities and bonds of financial and industrial corporate issuers. Trading in interest-rate derivatives, in the Non-Life and Life portfolios, was functional to optimising strategies to mitigate the risk of rising interest rates.

During 2023, sales of approximately 10 real estate assets were carried out, including the sale of a mainly residential and tertiary building located in Trieste at Via Carducci 29/a, for €4,761k. Overall, the consideration from the sale of real estate assets during the year amounted to €8,200k, resulting in net capital gains of €1,205k.
During the year, renovations and developments continued on the Company's real estate assets, involving about seventy properties, mainly for office use and located in Turin, Bologna, Milan and outside Milan, for total investments of €44,717k.

The breakdown of current gains (losses) on investments and financial income (charges) and gains and losses on trading are shown in the tables below, with separate indication of net income (charges) relating to investments benefiting policyholders that bear the risk and arising from pension fund management (Class D).

As mentioned previously, the tables below also include the gains and losses included in "investment income net of the share transferred to the non-technical account" as well as commissions withdrawn from internal insurance funds and pension funds managed by the company included in the item "Balance of other technical items", which contribute to the determination of the Life net underwriting performance.

Gains on investments and financial income

Amounts in €k	FY 2023	% Comp.	FY 2022	% Comp.	Variation 2023/2022 amount	%
Gains on investments and financial income						
Land and buildings	39,580	2.4	37,407	2.2	*2,173*	*5.8*
Shares and holdings	216,993	13.1	207,875	12.3	*9,117*	*4.4*
Bonds	1,083,982	65.5	1,192,139	70.4	*(108,157)*	*(9.1)*
Mutual investment fund units	151,946	9.2	162,086	9.6	*(10,139)*	*(6.3)*
Loans	18,208	1.1	7,639	0.5	*10,569*	*138.3*
Bank deposits			129	0.0	*(129)*	*(100.0)*
Bank and post office deposits	28,162	1.7	2,489	0.1	*25,673*	*1,031.4*
Sundry financial investments	115,514	7.0	83,484	4.9	*32,030*	*38.4*
Reinsurance deposits	872	0.1	565	0.0	*308*	*54.5*
Total (a)	**1,655,258**	**100.0**	**1,693,814**	**100.0**	***(38,556)***	***(2.3)***
Gains on sale						
Land and buildings	1,205	0.2	459	0.1	*746*	*162.8*
Shares and holdings	191,832	38.2	58,653	10.5	*133,179*	*227.1*
Bonds	32,739	6.5	263,576	47.2	*(230,837)*	*(87.6)*
Sundry financial investments	234,279	46.7	151,820	27.2	*82,460*	*54.3*
Mutual investment fund units	41,770	8.3	84,225	15.1	*(42,455)*	*(50.4)*
Total (b)	**501,826**	**100.0**	**558,733**	**100.0**	***(56,907)***	***(10.2)***
Total (a+b)	**2,157,083**		**2,252,546**		***(95,463)***	***(4.2)***
Reversals on investments						
Shares and holdings	22,197	16.3	14,217	23.3	*7,980*	*56.1*
Bonds	81,690	59.8	451	0.7	*81,240*	*18024.4*
Sundry financial investments	886	0.6	4,678	7.7	*(3,792)*	*(81.1)*
Mutual investment fund units	31,770	23.3	41,695	68.3	*(9,925)*	*(23.8)*
Total (c)	**136,544**	**100.0**	**61,041**	**100.0**	***75,503***	***123.7***
TOTAL (a+b+c)	**2,293,627**		**2,313,587**		***(19,960)***	***(0.9)***
Investment income of Class D						
Investment funds and market indices	161,927		14,018		*147,909*	*1055.2*
Pension funds	353,589		167,252		*186,336*	*111.4*
Total Class D	**515,516**		**181,270**		***334,245***	***184.4***
GRAND TOTAL	**2,809,143**		**2,494,857**		***314,286***	***12.6***

Ordinary income on investments and uses of cash totalled €1,655,258k (€1,693,814k at 31/12/2021): this item includes accrued interest income, accrued rent, dividends collected, any capitalised issue and trading discount and positive differential collected against interest rate swap contracts.

The increase in the item "Bank and post office deposits" is due to the ECB's decision to raise monetary policy rates, bringing the rate on deposits back to positive territory. This resulted in income from bank and post office deposits of €28,162k (€2,489k at 31/12/2022).

Capital gains on sale came to €501,826k (€558,733k at 31/12/2022), while reversals totalled €136,544k (€61,041k at 31/12/2022). The capital gains recognised included that deriving from the sale of Incontra for €46,749k.

Overall, net financial income, including the reversals of impairment losses on investments and excluding the income on investments of Class D, was €2,293,627k (€2,313,587k at 31/12/2022).
The income on investments benefiting policyholders that bear the risk and arising from pension fund management (Class D) was equal to €515,516k (€181,270k at 31/12/2022).

Asset and financial charges

Amounts in €k	FY 2023	% Comp.	FY 2022	% Comp.	Variation 2023/2022 amount	%
Asset and financial charges						
Land and buildings	38,278	10.6	41,575	10.2	*(3,297)*	*(7.9)*
Shares and holdings	8,664	2.4	7,184	1.8	*1,481*	*20.6*
Bonds	80,433	22.2	110,282	27.0	*(29,850)*	*(27.1)*
Mutual investment fund units	2,400	0.7	2,610	0.6	*(210)*	*(8.0)*
Sundry financial investments	133,446	36.8	148,297	36.3	*(14,851)*	*(10.0)*
Reinsurance deposits	2,410	0.7	1,630	0.4	*781*	*47.9*
Interest on loans	96,657	26.7	97,274	23.8	*(617)*	*(0.6)*
Total (a)	**362,289**	**100.0**	**408,852**	**100.0**	***(46,563)***	***(11.4)***
Losses on sale						
Land and buildings	132	0.1	160	0.0	*(28)*	*(17.6)*
Shares and holdings	73,051	34.2	48,644	9.7	*24,407*	*50.2*
Bonds	53,387	25.0	230,808	46.0	*(177,421)*	*(76.9)*
Sundry financial investments	67,110	31.4	209,384	41.7	*(142,273)*	*(67.9)*
Mutual investment fund units	19,979	9.4	12,919	2.6	*7,060*	*54.7*
Total (b)	**213,659**	**100.0**	**501,914**	**100.0**	***(288,255)***	***(57.4)***
Total (a+b)	**575,948**		**910,765**		***(334,817)***	***(36.8)***
Value adjustments to investments						
Land and buildings	36,689	16.1	36,446	4.9	*243*	*0.7*
Shares and holdings	84,318	37.0	179,752	24.1	*(95,434)*	*(53.1)*
Bonds	28,377	12.5	335,348	45.0	*(306,971)*	*(91.5)*
Sundry financial investments	8,903	3.9	9,766	1.3	*(863)*	*(8.8)*
Mutual investment fund units	69,318	30.5	183,585	24.6	*(114,267)*	*(62.2)*
Total (c)	**227,605**	**100.0**	**744,897**	**100.0**	***(517,292)***	***(69.4)***
TOTAL (a+b+c)	**803,553**		**1,655,663**		***(852,110)***	***(51.5)***
Charges investments of Class D						
Investment funds and market indices	27,304		173,427		*(146,123)*	*(84.3)*
Pension funds	93,029		503,821		*(410,792)*	*(81.5)*
Total Class D	**120,333**		**677,248**		***(556,915)***	***(82.2)***
GRAND TOTAL	**923,886**		**2,332,911**		***(1,409,025)***	***(60.4)***

Charges on investments, which include, as an example, depreciation, accrued interest expense and any rate differential exchanged on derivative contracts, were €362,289k (€408,852k at 31/12/2022 on a like-for-like basis), while capital losses on sale were €213,659k (€501,914k at 31/12/2022).

Value adjustments equalled €227,605k (€744,897k at 31/12/2022) and included €36,689k in adjustments on land and buildings due exclusively to depreciation for the period. The material change from the previous year was affected by significant write-downs of securities classified in the current portfolio. Losses on sale of shares also included the capital loss relating to the investee UnipolSai Nederland for a total of €26,619k.

There were also value adjustments on equity investments in Group companies for €47,656k. In particular, the latter refer for €30,948k to the investment held in the subsidiary Cambiomarcia, for €14,968k to the investment held in UnipolRe and for €1,636k to that held in the subsidiary Nuove Iniziative Toscane.

Overall, financial charges, including value adjustments to investments, with the exception of those related to the Class D, were therefore equal to €803,553k (€1,655,663k at 31/12/2022), while the charges on investments benefiting policyholders that bear the risk and arising from pension fund management (Class D) were equal to €120,333k (€677,248k at 31/12/2022).

Investments in securitisations

At 31 December 2023, there were no investments in securitisations. During the year, no expenses and income from this type of investment were recognised, and none were recorded at 31 December 2022.

A.4 Performance of other activities

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

Other income

Amounts in €k	FY 2023	FY 2022	Variation 2023/2022 amount	%
Interest income	93,676	32,849	*60,827*	*185.2*
Recovery of expenses	71,836	59,349	*12,487*	*21.0*
Positive exchange rate differences		17,010	*(17,010)*	*(100.0)*
Withdrawals from provisions	24,132	35,897	*(11,765)*	*(32.8)*
Commission on placement of bank products	3,984	4,245	*(262)*	*(6.2)*
Other income	10,342	9,046	*1,296*	*14.3*
Recovery of expenses for management of Roadway Accident Victims Fund (FVS)	7,897	7,944	*(47)*	*(0.6)*
Total other income	**211,866**	**166,341**	***45,526***	***27.4***
Gains on trading of other assets	3	88	*(85)*	*(97.0)*
Other extraordinary income	122	35	*87*	*248.0*
Extraordinary gains	16,371	23,186	*(6,815)*	*(29.4)*
Total extraordinary income	**16,496**	**23,309**	***(6,813)***	***(29.2)***

At 31 December 2023, the item "Total other income" was equal to €211,866k (€166,341k at 31/12/2022) and included:

- recovery of expenses from services provided to the other Group companies for €71,836k (€59,349k at 31/12/2022);
- withdrawals from provisions, of which €11,965k from the provision for risks and charges, €8,848k referred to liabilities set aside in previous years and occurred in the current year and €2,479k to surpluses. For the remainder, withdrawals from provisions refer to bad debt provisions (€12,166k);

Other extraordinary income was €16,371k (€23,186k at 31/12/2022), mainly consisting of contingent assets for €16,371k compared to €23,186k in 2022. These included income of €11,786k relating to contingent assets on the calculation of taxes of previous years. This amount also included the benefit in the income statement deriving from the Patent Box subsidy.

Other charges

	FY	FY	Variation 2023/2022	
Amounts in €k	**2023**	2022	amount	%
Amortisation on goodwill and other intangible assets	117,774	104,223	*13,551*	*13.0*
Expenses for managing claims of Roadway Accident Victims Fund	7,574	7,933	*(359)*	*(4.5)*
Impairment losses on receivables	7,852	8,917	*(1,065)*	*(11.9)*
Interest expense	6,516	4,147	*2,369*	*57.1*
Allocations to provisions	23,258	11,796	*11,462*	*97.2*
IVASS penalties	141	1,059	*(918)*	*(86.7)*
Negative exchange rate differences	8,977		*8,977*	
Sundry taxes	2,256	2,545	*(289)*	*(11.3)*
Charges on behalf of third parties	48,806	44,136	*4,670*	*10.6*
Sundry charges	29,377	33,668	*(4,291)*	*(12.7)*
Total other charges	**252,531**	**218,423**	***34,107***	***15.6***
Extraordinary losses	4,980	7,479	*(2,499)*	*(33.4)*
Settlements	56	45	*12*	*26.6*
Other charges	2	193,672	*(193,670)*	*n.s.*
Losses on disposals of other assets	9	226	*(217)*	*(96.2)*
Total extraordinary losses	**5,048**	**201,422**	***(196,374)***	***(97.5)***
Current taxes	148,967	36,392	*112,575*	*309.3*
Deferred tax assets and liabilities	31,666	(35,120)	*66,786*	*(190.2)*
Total taxes charges	**180,633**	**1,272**	***179,361***	***14,096.2***

The item "Total other charges" came to €252,531k (€218,423k at 31/12/2022) and mainly consisted of:

- amortisation of goodwill and other intangible assets for €117,774k (€104,223k at 31/12/2022), which relates to intangible assets for €78,069k and goodwill and insurance portfolios acquired in previous years for €39,705k;
- allocations to provisions referred for €6,881k to bad debt provisions, primarily referring to receivables from reinsurers and for the remainder to provisions for risks and charges;
- charges on behalf of third parties, equal to €48,806k (€44,136k at 31/12/2022), including costs and other administrative charges for personnel seconded to other companies;

Total extraordinary charges came to €5,048k (€201,422k at 31/12/2022). Other extraordinary charges were affected in the comparison by the presence, in relation to the financial statements for the year ended 31 December 2022, of the amount of €193,000k set aside for the trade union agreements concerning employee pre-retirement arrangements through the voluntary participation of workers who will meet pension requirements by 2027.
Tax charges came to €180,633k (€1,272k at 31/12/2022), of which €148,967k for current IRES and IRAP for the year, €782k for substitute taxes under Art. 1, Par. 137-140 of Law No. 296/2006 in addition to the net balance of deferred tax assets and liabilities, equal to €31,666k.

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 governance

B.1.1 Tasks and responsibilities of Board of Directors

In compliance with IVASS Regulation No. 38 of 3 July 2018 ("Regulation 38"), UnipolSai, 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" corporate governance system, deemed most suited for the sound and prudent management of the Company.

Note that the Company has adopted the corporate governance mechanisms 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" corporate governance system.

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.

<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 attributions set forth in the By-Laws and regulatory provisions, the Ordinary Shareholders' Meeting of UnipolSai also establishes the remuneration due to the bodies that it appoints and approves, *inter alia*, the remuneration policies for the corporate bodies and "Key Personnel" as identified by the company pursuant to Article 2, paragraph 1, letter m) of Regulation 38, including remuneration plans based on financial instruments, in compliance with the Group's remuneration policies.
In order to incentivise medium/long-term investment in the Company by Shareholders, in 2020 the Extraordinary Shareholders' Meeting of UnipolSai 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 give the management of the Company to a Board of Directors, with no less than 9 and no more than 19 members, appointed by the Shareholders' Meeting, which sets their number, and they must meet the requirements of suitability for office set out in the applicable legal and regulatory provisions.
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 27 April 2022 has, most recently, appointed the Board of Directors, 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 management of the Company. Therefore, it can carry out all deeds, including disposals, that it deems appropriate to achieve the corporate purpose, excluding only those that the law expressly places under the responsibility of the Shareholders' Meeting.
In line with the principle of the centrality of the administrative body, Art. 17 of the Company's By-Laws has assigned to the competence of the Board of Directors, in addition to the resolutions on the issue of non-convertible bonds, the resolutions concerning:

i. mergers and demergers, in cases permitted by legislation;
ii. the opening or closure of secondary offices;
iii. the indication of which among the Directors - in addition to the Chairman, the Deputy Chairman (Chairmen) and Chief Executive Officers - and among the Managers of the Company have the power to represent the Company pursuant to Art. 21 of the By-Laws;
iv. the reduction of the share capital, should a Shareholder withdraw;
v. the amendments to the By-Laws required to comply with legal provisions;
vi. the transfer of the registered office within 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 Company's strategic, financial and business plans, even the consolidated ones, taking into account the analysis of the issues relevant to long-term value generation for Shareholders and the interests of other relevant stakeholders, and regularly monitors their implementation;
b. defines the corporate governance system and the corporate structure, in line with the Group's governance models and guidelines, reviewing them at least once per year and ensuring that they are constantly complete, functional and effective, also with reference to outsourced activities.
   In this 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)[9];
   ii. the information flows - including timing - between those Functions, the board committees and between them and the corporate bodies, as well as
   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 nature and level of risk consistent with the strategic objectives of the Company and its subsidiaries, including in its valuations all the elements that may assume importance with a view to the Company's sustainable success;
c. approves the organisational, administrative and accounting structure of the Company, with particular reference to the internal control and risk management system, as well as the attribution of tasks and responsibilities to the operating units, overseeing their adequacy over time, so that it can adapt them promptly in response to changes in the strategic objectives, operations and the reference context in which UnipolSai operates;
d. approves the policies applicable to the Company, ensuring that those relating to the system of governance are consistent with each other, with the business strategy and with Group policies;
e. 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 it and its subsidiaries are correctly identified and adequately measured, managed and monitored, consistent with the Company's strategies;
   ii. assesses - at least once a year - the current and future adequacy and functioning of the internal control and risk management system with respect to the features of the Company and its subsidiaries and to the risk appetite set as well as the effectiveness of said system;
   iii. describes, in its annual report on corporate governance and ownership structures of the Company, 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 judgment 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. assesses, after consulting the Board of Statutory Auditors, the findings produced by the Independent Auditors in any letter of recommendations and in the additional report addressed to the control body;
f. verifies that the system of governance is consistent with the strategic objectives, the risk appetite and the risk tolerance limits established and is capable of taking into account the evolution of the business risks and the interaction between them;
g. orders periodic assessments on the effectiveness and adequacy of the corporate governance system and requests timely information on the most significant issues and gives timely instructions for the adoption of corrective measures, of which later it assesses the effectiveness;
h. sets the risk targets system defining, also on the basis of the own risk and solvency assessment, (i) the risk appetite of UnipolSai in line with its overall solvency needs, (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;

9 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.

i. 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 and criteria of suitability for office established in the relative Policy (“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;
j. appoints, replaces and removes the Head of the Anti-Money Laundering Function;
k. 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 UnipolSai, ensuring that there is adequate and continuous interaction between them, the Top Management, the Key Functions and the Board of Statutory Auditors;
l. defines and annually reviews the remuneration policies, submitting them to the Ordinary Shareholders’ Meeting for approval, and is responsible for their proper application;
m. grants and revokes powers to the Chief Executive Officer, defining their 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;
n. 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;
o. appoints and removes the members of the Supervisory Board of the Company pursuant to Legislative Decree no. 231/2001, Fit & Proper Policy 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 hereunder), as well as the statement of expenditure of the previous year;
p. 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;
q. 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;
r. 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, guidelines 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;
s. approves, monitoring its suitability over time, the system of delegations and powers and responsibilities of the Company, taking care to avoid 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 the delegated powers upon itself;
t. resolves with respect to transactions that have significant strategic, economic, capital or financial relevance for the Company, paying particular attention to situations in which one or more Directors have an interest on their own behalf or on behalf of third parties;
u. 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;
v. adopts - on the proposal by the Chairman, drawn up in accordance with the CEO - 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;
w. 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;
x. verifies the existence of appropriate procedures for top management succession.

Effective as of 1 January 2024, the Board of Directors of UnipolSai, in compliance with Directives on the Group’s corporate governance system, reviews in advance extraordinary transactions, carried out by subsidiaries, of a relevant strategic interest, or in any event intended to significantly affect the value and/or structure of the share capital or to significantly affect the price of stocks, such as, for example but not limited to:

i. acquisitions or disposal of relevant shareholdings, in amounts no lower than 2.5% of the Company's consolidated SCR and in any event exceeding €100m;
ii. significant acquisitions and disposals of companies or business units in amounts no lower than 2.5% of the Company's consolidated SCR or in any event exceeding €100m;
iii. aggregations or alliances with other groups;
iv. agreements which, due to their subject, commitments, conditions and restrictions, may impact the Group's freedom to establish business strategy policies in the long term;
v. significant partnership agreements concerning the distribution of insurance or banking products;
vi. the issue of financial instruments entailing the acquisition of risk capital or debt in amounts no lower than 2.5% of the Company's consolidated SCR and in any event exceeding €100m;
vii. investments and disinvestments and any other transaction concerning real estate assets in amounts no lower than 2.5% of the Company's consolidated SCR and in any event exceeding €100m.

Further responsibilities specifically attributed to the Board of Directors are set forth in the policies adopted by UnipolSai.

Under Art. 15 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 when it is requested by at least three Directors, or by the Chief Executive Officer. The Board of Directors may also be called, after notification to the Chairman, by at least one Statutory Auditor.
Resolutions are taken by absolute majority of those attending, unless otherwise provided by law, and, in the case of parity, the chair of the meeting has the casting vote.

On 12 May 2022, the Board of Directors performed the assessment 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 at that date[10]. At the meeting of 11 May 2023, the administrative body performed its periodic verification of the continued fulfilment of these requirements by its corporate officers.

Board Committees
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 and in line with the functions performed at individual level by the same committees of the Parent Company:

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

The members of each Committee were appointed by the Board of Directors and chosen among the members of the latter. The composition of the Committees also respects the regulation contained in the Consob Market Regulation, with regard to listed companies (such as UnipolSai) subject to management and coordination by another company. 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 Appointments, Governance and Sustainability Committee is composed of three Directors, all non-executive and independent pursuant to the Corporate Governance Code and Art. 147-ter of the Consolidated Law on Finance. During the meeting on 12 May 2022, the Board of Directors appointed Mr Stefano Caselli as Chairman of the Appointments, Governance and Sustainability Committee. During 2023 this Committee met 4 times.
  Said Appointments, Governance and Sustainability Committee has proposal, advisory, investigation and support functions with respect to the administrative body:

10 As specified in par. B.2, the Company's Board of Directors most recently approved the update of the Fit & Proper Policy on 9 November 2023.

a) the self-assessment and optimal composition of the Board of Directors and the definition of the Company's corporate governance system;
b) Environmental, Social and Governance (ESG) issues, by coordinating, for matters within its competence, the guidelines, processes, initiatives and activities targeted at monitoring and promoting UnipolSai's commitment to pursuing sustainable success.

In this regard, 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 Board of Directors and its internal board committees;
– self-assessment of the Board of Directors and its internal 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 the Company's governance system.

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 topics, 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;
– drafting of the Sustainability Report and, in general, preparation of reports, accounts, final reports and documentation on 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 Company's strategies, the impact of its activities and the performance achieved;
– drafting and reviewing, insofar as it is responsible, the Sustainability Policy and the related company documentation as well as reviewing compliance with the provisions contained therein through the monitoring of indicators identified for this purpose, in line with what is defined by the Parent Company;
– 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, in line with what is defined by the Parent Company;
– monitoring regular updates on the main activities of preparation for the full achievement of UnipolSai's sustainability objectives;
– identifying the relevant matters for the Company, by analysing the sustainability issues identified during interactions with its stakeholders;
– monitoring of the Company's positioning in the financial markets in terms of sustainability, with particular reference to its placement in the main sustainability indexes;
– examining national and international initiatives on sustainability and participation of UnipolSai, as well as monitoring regulatory developments and best practices in this regard, in order to consolidate sustainable success and reputation in terms of sustainability;

– The Remuneration Committee is composed of three Directors, all non-executive and independent pursuant to the Corporate Governance Code and Art. 147-ter of the Consolidated Law on Finance. At the meeting of 12 May 2022, the Board of Directors appointed Ms Giusella Dolores Finocchiaro as Committee Chairwoman, who has adequate knowledge and experience on financial matters and remuneration policies. During 2023 this Committee met 3 times. The Remuneration Committee is assigned proposal, advisory, investigation and support functions for the Board of Directors on remuneration matters and, in particular, the following tasks:
  a. performs advisory and proposal functions for the definition of remuneration policies in favour of the Corporate Bodies and "Key Personnel" (as defined in the aforementioned policies), including compensation plans based on financial instruments;

b. formulates proposals and/or voices opinions to the Board of Directors for the remuneration of the Directors who perform specific duties, as well as for setting up performance objectives related to the variable component of the remuneration, consistent with the Remuneration Policies adopted by the Board of Directors;
c. verifies the consistency of the overall pay scheme, as well as the proportionality of the remuneration of the Chief Executive Officer with respect to Key Personnel;
d. monitors the correct application of the remuneration policies and, in particular, the actual achievement of the performance objectives;
e. periodically submits the remuneration policies to be checked in order to guarantee their adequacy, overall consistency, also in the case of changes in the operations of the Company or in the market in which it operates;
f. identifies potential conflicts of interest and the measures adopted to manage them;
g. ascertains the fulfilment of conditions for the payment of incentives to Key Personnel;
h. provides adequate disclosure to the Board of Directors on the effective functioning of the Remuneration Policies;
i. expresses opinions to the Board of Directors regarding the remuneration of the members of the Supervisory Board of the Company pursuant to Italian Legislative Decree no. 231/2001;

– The Control and Risk Committee is composed of three Directors, all non-executive and independent pursuant to the Corporate Governance Code and Art. 147-ter of the Consolidated Law on Finance. 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 the Committee Chairwoman, Ms Rossella Locatelli, who has adequate experience on accounting, financial and risk management matters. During 2023 this Committee met 15 times. The Control and Risk Committee carries out proposal, advisory, investigation and support activities with respect to the Board of Directors in relation to assessments concerning the internal control and risk management system as well as the periodic financial and non-financial reports (the latter when prepared).
  In particular, the Control and Risk Committee is responsible for supporting the Board of Directors with regard to:
  – setting 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 for the Company and its subsidiaries are correctly identified and adequately measured, managed and monitored, consistent with the Company's strategies;
  – assessing - at least once a year - the current and future adequacy and functioning of the internal control and risk management system with respect to the features of the Company and its subsidiaries 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:
  – 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;
  – assesses, having consulted the Manager in charge of financial reporting, representatives of the independent auditors and the Board of Statutory Auditors, the correct use of the accounting standards and, with reference to the drafting of the consolidated financial statements and the consolidated half-yearly report, their homogeneity at Group level;
  – evaluates, having consulted the Manager in charge of financial reporting, representatives of the independent auditors and the competent functions, the suitability of periodic financial and non-financial reporting, when prepared, 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 under the responsibility of the latter concerning sustainability;
  – reviews the processes for the formation of periodic accounting documents prepared by the Company and its subsidiaries in order to draw up the separate and consolidated financial statements;
  – assesses, after consulting the Board of Statutory Auditors, the findings produced by the independent auditors in any letter of recommendations and in the additional report addressed to the control body;
  – defines, evaluates and ensures 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;
  – makes decisions regarding the composition criteria and functions of the Supervisory Board.

  By contrast, specifically as concerns risk management, the Control and Risk Committee, by way of a non-exhaustive, performs 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 Board of Directors 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 its subsidiaries, as well as with reference to the risk tolerance limits as defined in the Risk Appetite Framework;
- assists the Board of Directors with respect to the current and forward-looking risk assessment, taking into account the criteria used for the assessment of the main company risks, as well as on specific aspects concerning their identification with reference to the Company and its subsidiaries;
- 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;
- asks, if appropriate, the Audit Function to carry out assessments on specific operational areas, providing simultaneous notification to the Chairman of the Board of Directors, the Chief Executive Officer and the Chairman of the Board of Statutory Auditors;
- supports the assessments and decisions of the Board of Directors relating to the management of the risks deriving from detrimental events that it has become aware of.

In addition, in order to take the appropriate initiatives in this regard, the Control and Risk Committee is the recipient of information from the Chief Executive Officer 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 carries out the following tasks:

- 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;
- reviews the particularly important periodic reports prepared by the Key Functions and the Anti-Money Laundering Function for said Committee and for the Board of Directors;
- monitors the autonomy, 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;

- The Related Party Transactions Committee is composed of four Directors, all non-executive and independent pursuant to the Corporate Governance Code and Art. 147-ter of the Consolidated Law on Finance. At the meeting on 12 May 2022, the Board of Directors appointed Mr Antonio Rizzi as Chairman of the Related Party Transactions Committee. During 2023 this Committee met 13 times. The Related Party Transactions Committee has functions of advice, dialogue, and proposal towards the Board of Directors and the units of UnipolSai and the subsidiaries on Transactions with Related Parties, 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 adopted by the Board of UnipolSai for the execution of the Transactions with Related Parties ("Related Party Procedure").

  In particular, the Committee:

  a. expresses to the Board of Directors of the Company an opinion on the procedures to create and maintain the register in which Related Parties are recorded ("Register of Related Parties");
  b. 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;

c. verifies the correct application of 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 (as defined in the Related Party Procedure), supported by the assessments of the competent Corporate Functions regarding the assumptions for application of said exemption conditions;
d. expresses to the competent corporate decision-making body (according to the provisions of the Related Party Procedure) a reasoned opinion on the interest of the Company in carrying out the Transactions of Lesser Relevance (as specified in the Related Party Procedure), as well as on the cost-effectiveness and fairness of the corresponding terms;
e. expresses to the Chief Executive Officer of UnipolSai a reasoned opinion on the interest of said Subsidiaries and UnipolSai in the execution of Transactions with Related Parties carried out through the Subsidiaries, whether they are of Greater or Lesser Relevance, as well as on the cost-effectiveness and substantive fairness of the corresponding terms;
f. 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 (TUF), from the Unipol Group's Remuneration Policies in the presence of exceptional circumstances, in compliance with said Remuneration Policies;
g. expresses to the Board of Directors an opinion on the updates made to the Related Party Procedure.

Chief Executive Officer

The Chief Executive Officer may be appointed by the Board of Directors from amongst its members for three financial years or for the shorter term of office of the Board.
Following the appointment of the new Board of Directors by the Ordinary Shareholders' Meeting held on 27 April 2022, on the same date the Board of Directors appointed Mr Matteo Laterza to the office of Chief Executive Officer of the Company, making him responsible for the operational management of the Company and assigning him the functions listed below, to be exercised consistent with the general planning and strategic guidelines defined by the administrative body, as well as in compliance with the provisions of Art. 14 of the By-Laws mentioned above and applicable provisions of law and regulations on the matter and the Corporate Governance Code for listed companies:

i). ensuring the execution of the resolutions of the Board of Directors and the Shareholders' Meeting of the Company;
ii). ensuring the ordinary management of the business of the Company, as well as the governance, supervision and co-ordination of all corporate activities;
iii). proposing to the Chairman of the Board of Directors the plan for the activities of the Board;
iv). formulating the proposals on the multi-year plans and annual budget of the Company, to be submitted for review and approval by the Board of Directors;
v). ensuring that the organisational, administrative and accounting structure is adequate for the Company;
vi). 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;
vii). defining in detail the organisation 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 Board of Directors; in this context, ensuring a suitable separation of tasks both between individual parties and between functions, to avoid, as much as possible, conflicts of interest;
viii). carrying out, on the basis of the strategic objectives and in line with the risk management policy, the policies of underwriting, provisioning, re-insurance, of other techniques of mitigation of the risk and management of operational risk, as well as the other policies and guidelines specified by the Board of Directors;
ix). handling the identification of the main corporate risks, taking account of the features of the activities carried out by the Company and its subsidiaries, regularly subjecting them to review by the Board of Directors;
x). 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 effectiveness, as well as overseeing its adaptation in line the trend in the operating conditions and the legislative and regulatory panorama;
xi). 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;
xii). 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 granted to the Chief Executive Officer the necessary powers for the ordinary management of corporate affairs.

The Chief Executive Officer is a permanent invitee at meetings of the Appointments, Governance and Sustainability Committee, the Remuneration Committee and the Control and Risk Committee.

Board of Statutory Auditors
The Shareholders' Meeting of 28 April 2021 appointed the Board of Statutory Auditors currently in office, consisting of three Statutory Auditors and three Alternate Auditors, giving them a mandate of three years and, therefore, up to the Shareholders' Meeting called to approve the financial statements at 31 December 2023.

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, also in the execution of its functions as internal control and audit committee, of:
– informing the Company's administration 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 reporting and submitting recommendations or proposals aimed at ensuring its integrity;
– monitoring the effectiveness of the systems of internal control of the quality and risk management of the company and the internal audit, with regard to the 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 audit 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:
– the effective observance of the Model by its addressees: employees, corporate bodies and, within the limits laid out therein, agents, associates and suppliers;
– 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;
– 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 Body, 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 reference period, the Company has maintained with the Parent Company ordinary relations deriving from its choice of a tax consolidation regime and the Unipol VAT Group, as well as those relating to the provision of some operational services, including the management of the financial portfolio; these relationships are governed under normal arm's length conditions.

In addition, it should be noted that, at the time of allocation of 2022 profits, UnipolSai paid to its shareholders Unipol, Unipol Finance S.r.l., Unipol Investment S.p.A. and UnipolPart I S.p.A. dividends respectively for €276.16m, €44.82m, €19.97m and €44.82m.

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 adopted and compliant with current Group remuneration policies.

At 31 December 2023, to implement the programme for the purchase of shares of the holding company Unipol, in the service of compensation plans based on financial instruments (performance share type), intended for the managers of the Company, the latter holds 556,950 Unipol shares.

B.1.3 Tasks and responsibilities of key functions

The following Key Functions have been established at the 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[11];
- actuarial function, assigned to the Actuarial Function[12], 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 expresses an opinion on the global risk underwriting policy and the adequacy of reinsurance agreements; it also provides a contribution to the risk management system, also with reference to risk modelling underlying the calculation of capital requirements and the own risk and solvency assessment, and verifies the consistency between the amounts of the technical provisions calculated according to the assessment criteria applied to the statutory financial statements and the calculations resulting from the application of the Solvency II criteria[13].

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[11] "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.

[12] 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.

[13] 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. In particular, within UnipolSai, the "Actuarial Function – Validation", with areas of competence for both the Non-Life and Life business, and the "Actuarial Function – Non-Life Calculation" and the "Actuarial Function – Life Calculation" offices, which carry out the calculation of the technical provisions for the Non-Life and Life businesses of UnipolSai, report to the Head of the Actuarial Function.

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 independent auditors, 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.

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, 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 Chief Executive Officer 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.

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 consistency between the remuneration paid and the need to ensure a sustainable performance, in observance of a sound and prudent risk management policy. All in line with the long-term strategic objectives, profitability and balance of the Company and the Group. The Company does not adopt remuneration policies based exclusively or prevalently on short-term results, such so as to incentivise excessive exposure to risk or an assumption of risks that exceeds the risk tolerance limits established by the Board of Directors.

Based on said principles, the fixed remuneration component remunerates the extent and level of responsibility, the complexity of what has to be managed and the experience required for the job; it also remunerates the expertise and skills possessed. It entails a pre-defined economic base, provided for by the applicable Collective Labour Agreements and, if present, the Supplementary Company Agreements, any other bilateral agreements and specific internal regulations.

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, the remuneration of the recipients of the remuneration policy, in 2023, essentially in continuity with previous years, 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 through the proper balance between short and long-term efficiency criteria, to which the remuneration is subject;
- 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 the General Manager of Unipol Gruppo and the Executive Bracket Managers and 1st Bracket Managers, 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 UnipolSai results;
- 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, 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 qualitative and quantitative, 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.

As regards the remuneration of the Board of Directors, annual Director compensation, approved by the Shareholders' Meeting for the 2022-2024 term of office, is fixed, and Directors may also receive reimbursements for expenses incurred to carry out their official duties and attendance fees for participation in meetings of the Board of Directors and the Shareholders' Meeting. 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 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 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 Company's incentive system. Considering the remuneration of the Chief Executive Officer, no variable component was recognised.

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 a maximum of three years worth of annual Compensation[14], 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 a maximum of two years worth of annual Compensation for those who have accrued service seniority of less than or equal to 10 years. This amount, given calculated on the Compensation, 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.

B.2 Fit and proper requirements

At its recent meeting on 9 November 2023, 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 and criteria of suitability for office of the members of the corporate officers as well as those who perform Key Functions.

This update was necessary following the entry into force of the Decree of the Ministry for Economic Development no. 88 of 2 May 2022 ("Decree 88" or the "Decree"), containing the new regulation concerning such requirements and criteria.
The new provisions apply as of appointments subsequent to 1 November 2022 (date of entry into force of the Decree), without prejudice to the transitional system established by Art. 26 of the same Decree. Please note that, with reference to the Company, in the time between said date and that of this Report, no renewal or appointment was made, and the term of office of the Board of Directors in office will expire at the time of the Shareholders' Meeting called to approve the financial statements at 31 December 2024.

Pending the applicability of Decree 88 to UnipolSai, Ministry for Economic Development Decree no. 220 of 11 November 2011 ("Decree 220") continues to apply.

[14] 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.

The Board of Directors assesses the position of each of its members and the General Manager, where appointed, certifying whether they meet the requirements and satisfy the criteria established by regulations in force over time, as well as the absence of situations of incompatibility, pursuant to the interlocking regulation.

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:

- for the Company - subject to management and coordination by another listed company (i.e. Unipol Gruppo S.p.A.) - Art. 16, paragraph 1, letter d), of the Consob Market Regulation also applies, pursuant to which the Company is required to have a Board of Directors composed of a majority of Independent Directors, in accordance with both the Consolidated Law on Finance and the Corporate Governance Code, with it being specified that those who also sit on an administrative body of Unipol cannot be considered Independent Directors 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 firm 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 a Director is also a partner in a professional firm or consulting company, even regardless of the aforementioned quantitative limits, the administrative body assesses the significance of professional relations that could have an impact on his/her position and role in the firm or consulting company, or which in any event relate to important transactions of the Company and the Unipol Group.

As concerns Director independence requirements, pending the issue of Decree 88, Regulation 38 had not set out any definition of independence, referring the actual specification of this requirement to the By-Laws, and had not established how many independent directors were required (also referring the specification of this requirement to the By-Laws), as how many are deemed adequate was to be linked proportionally to the activity carried out by the company, depending on the nature, extent and complexity of the inherent risks.
Among other things, Decree 88 duly defined the independence requirement of corporate officers of insurance companies. Regulation 38, for its part, in the text updated by IVASS Measure no. 142 of 5 March 2024, identifies the number of independent directors as 25% of the members of the body.

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

- for the entire Board of Directors, after it 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 by 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 the Company's possession and the assessments carried out by the competent functions of UnipolSai 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.

In particular, when verifying the possession of the requirements of professionalism specifically made for the Chairman of the Board of Directors, the Chief Executive Officer and the General Manager, where appointed, the Board assesses their experience also in regard to the management requirements of the Company.
The Board of Directors, subsequent to its appointment, most recently during its meeting on 11 May 2023, punctually fulfilled its obligations pursuant to current legal provisions with regard to the periodic assessment of the satisfaction of the legal and regulatory requirements by its members. This verification was performed in compliance with the Fit & Proper Policy in force at that date and, therefore, with reference to Decree 220. As a result of this verification, the Board of Directors certified that all of its members have adequate professionalism and expertise for the role held; the analysis is repeated each year by the administrative body. For the periodic verification of suitability for office established under Regulation 38 in relation to the members of the UnipolSai Board of Directors currently in office - appointed before the entry into force of Decree 88 - Decree 220 continues to apply.

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 UnipolSai 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. The Regulation will cease to be effective when Decree 88 applies to the Company, given that it defines precise limits to the number of offices that may be held by corporate officers.

Even before the end of its term of office, pursuant to Art. 11 of Decree 88, the Board of Directors carried out an assessment of its adequate collective composition. This assessment is in addition to that (referred to below) carried out as part of the body's annual self-assessment process and is aimed at allowing the latter to identify its optimal qualitative-quantitative composition and subsequently verify the correspondence between it and the actual composition resulting from the appointment process.
This additional assessment evaluated the expertise of each Director individually and then collectively, with reference to that set forth in Decree 88, as well as that on ESG factors, as suitable to achieve the goals set forth in Decree 88, i.e., adequate diversity in the composition of the Board of Directors, so as to: foster internal dialogue and debate within the body; favour the emergence of a variety of approaches and perspectives in the analysis of topics and decision-making; effectively support the corporate processes of strategy development, risk and activity management and control over the operations of top management; take into account the multiple interests contributing to sound and prudent business management.

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 Head of the Anti-Money Laundering Function were appointed by the Board of Directors from among individuals meeting the requirements and criteria of suitability for office established by regulations in force *pro tempore* and company policies in force on the matter[15].

[15] 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 UnipolSai Board of Directors and subsequently updated most recently on 15 February 2024.

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 Functions 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 11 May 2023, the UnipolSai 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 pursuant to company policies in force on the matter at the above-mentioned date and, therefore, with reference to Decree 220.

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, including UnipolSai, 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, applied also by UnipolSai, which is articulated as follows:

- identification of the risks, which consists in the identification of the risks believed to be significant, or those risks the consequences of which may jeopardise the solvency or the reputation of UnipolSai 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 Company;
- monitoring of the 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 Company;
- 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 prospective 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 must meet:

- 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.

The Internal Audit Function is responsible for the assessment and monitoring of the effectiveness, efficiency and adequacy of the internal control system and the additional components of the corporate governance system, including the risk management system. Audit activity planning is based on a “risk based” approach which takes into account all activities and the entire corporate governance system, as well as the expected development of activities and innovations, with the ultimate goal of guaranteeing adequate coverage - in terms of audits performed - of company processes based on their level of relevance.
In particular, in 2022 and 2023, Audit, as usual, performed specific audits on the risk management system.

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 ratios.

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

The Risk Appetite is formalised in the Risk Appetite Statement, which indicates the risks that the Company intends to take or avoid, 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 *ex ante* control of the Risk Appetite, and capital adequacy in particular, are performed when considering 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 (non-life and health underwriting risks, life underwriting risk, market risk, credit risk and operational risk), overall risk as well as capital adequacy;
- individual companies and group.

For the annual definition of the Risk Appetite and Risk Tolerance limits, the Company considers the current and prospective risk level. Based on the findings at 31 December 2023, the priority risks are Non-Life and Health Underwriting Risks and Market Risks.
The Risk management system is formalised by the Risk management policy, adopted by the Board of Directors of UnipolSai 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 Risk Management Policy sets out, by way of example but not limited to, the possible measures that may be adopted in order to mitigate current or prospective risk levels not aligned with the risk targets defined:

- Financial hedges: these measures may take the form of hedging transactions on the market using financial derivatives. The Group Investment Policy defines the principles for the use and management of hedging instruments;
- Reinsurance: transfers part of the underwriting risk outside the Group, providing more possibility for business growth, both by proportionally reducing the amounts at risk (e.g. proportional treaties) and by limiting even further the amounts of major claims (e.g. non-proportional treaties). The "Reinsurance and Other Risk Mitigation Techniques Policy" defines the guidelines on reinsurance cover management;
- Guarantees held as a hedge against credit risks: the main type of guarantee available on exposures to reinsurers comprises deposits with the Group 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. Collateral deposited by the counterparties for operating in derivatives under CSA-type (Credit Support Annex)[16] agreements is also used as guarantees on credit risks. If the Internal Model for measuring risks includes mitigation techniques, their compatibility and constant updating in line with performance must be guaranteed;
- Management action: corrective action to be applied if certain events occur, such as the restructuring of assets and/or liabilities under management or the disposal of assets and/or liabilities (position closures);
- Operational risk mitigation actions: mitigation plans with the aim of preventing or mitigating the effects should a risk event occur. The implementation of mitigation plans is based on decisions made on a continual basis during the entire operational risk monitoring stage;
- Emergency and contingency plans: extraordinary *ex ante* measures to be activated if certain catastrophes or emergency events should occur, such as those envisaged in the Pre-emptive Recovery Plan of the Group, Business Continuity Plan and Disaster Recovery Plan which respectively define the measures/actions to be adopted at Group and/or Company level to restore the financial position of the Group and/or a Group company in specific scenarios of financial difficulty and severe macro-economic stress, and govern operating procedures for declaring a crisis situation arising from catastrophes and managing the effects;
- Strategic, emerging and reputational risk mitigation actions: mitigation plans with the aim of preventing or mitigating the effects deriving from the occurrence of specific strategic risks, economic losses caused by reputational damages or deriving from new risks not yet monitored or mapped.

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 responsible for continuously identifying, measuring, assessing and monitoring the current and prospective risks at the individual and aggregated level that the Company 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[17] UnipolSai to use the Partial Internal Model ("PIM") to calculate the individual Solvency Capital Requirement with effect from 31 December 2016.
Within the Company, the responsibility for the design and implementation of the Partial Internal Model is separated from the responsibility for its validation.
The Risk Area also contributes to the dissemination of a risk culture throughout the Group.

[16] The CSA requires the delivery of a collateral asset when the value of the contract exceeds the set threshold.
[17] See Measure No. 0025726/17 of 7 February 2017.

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, also adopted by the Board of Directors of UnipolSai and subject to regular updates, which moreover defines i) the tasks, roles and responsibilities of the Corporate Bodies and the units involved, ii) the connection between the company's risk profile, the risk appetite defined, the overall solvency requirement and the objective of safeguarding the assets, also from a medium/long-term perspective, iii) the frequency of the quantitative analysis and the corresponding rationale and the quality standards for the data used in the analysis, as well as iv) 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;
  - the ORSA is used in support of the drafting/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.

B.3.3 Internal model governance

UnipolSai was authorised by IVASS to use a Partial Internal Model to calculate the Solvency Capital Requirement with reference to the following risk elements, as well as in the aggregation process:
– Non-Life and Health Underwriting Risks;
– 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 UnipolSai 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 Company 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 Chairman, is responsible for the risk management function. The Risk Management Models Validation Department reports to the Chief Risk Officer.

The Risk Area supports the Board of Directors, the Chief Executive Officer 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 the regulatory provisions in the execution of validation activities, the Risk Management Models Validation Department makes recommendations to the developers of the PIM, with the objective of constantly improving its functioning.

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;
- the identification, assessment, including forward-looking, management and adequate control of risks, in line with the strategic policies and risk appetite of the company, including from a medium/long-term perspective;
- the 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;
- the prevention and correct management of the potential conflicts of interest, also with Related Parties and Intra-Group Parties, as identified by regulatory provisions of reference;

- the verification that corporate strategies and policies are implemented;
- the safeguarding of company asset values, also in the medium to long term, and proper management of assets held on behalf of customers;
- the 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;
- the suitability and timeliness of the company reporting system;
- the 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 Company implements an articulated and efficient Internal Control and Risk Management System, taking into account all applicable laws and regulations and business segments, in line with the guidelines identified at Group level, to ensure that the main risks arising from its activities are correctly identified, measured, managed and controlled, as well as being compatible with sound and correct management.
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 (the "Directives"), adopted by the UnipolSai Board of Directors on 21 June 2019 and updated most recently on 21 December 2023, 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 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, approves 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. In line with the guidelines established by the Parent Company, it periodically verifies the adequacy and effective functioning of the Internal Control and Risk Management System.
The Top Management (the Chief Executive Officer 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 guidelines 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 fairness 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 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:
i. 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;

ii. 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;
iii. 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 2023, 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 suitability 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 structured 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 objective of representing the level of compliance of the procedures, processes, policies and internal organisation of the Company with legal and regulatory provisions applicable to the company, 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.

Ex post assessments

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 normally included in the annual plan of activities of the Compliance and Anti-Money Laundering Function, in which:

- *inter alia* - the identification/selection process is specified in detail, according to priority criteria that aim to favour:
- the regulations subject to recent attention by the Regulators/Authorities in the area under analysis;
- the relevance of the business/process within the Companies in scope;
- the results of any previous inspections by the Supervisory Authorities;
- any points for attention that emerged during the monitoring of the remediation actions identified;
- the results of previous audits conducted (e.g. also on other Companies/associated processes); audits carried out by other Key/corporate control functions may also be taken into consideration;

the presence of a particularly severe penalty system or the imposition of sanctions on both Group Companies and the Market.

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 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; furthermore, the units subject to assessment are required to provide correct and complete information.

Audit activities include in particular:

- the audits on the fairness of management processes and the effectiveness and efficiency of organisational procedures;
- the audits on 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, efficiency 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 Chief Executive Officer, 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 necessary cooperation with the Control and Risk Committee, the independent audit company, the Board of Statutory Auditors and the Supervisory Body pursuant to Legislative Decree 231/01.

The Audit Function operates in compliance with the regulations, measures and resolutions of the Supervisory Authorities and 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 and other activities: these include audits aimed at assessing the effectiveness, efficiency and actual performance of the internal controls regarding the insurance, financial and real estate, management, governance, IT and business processes of Beyond Insurance companies and/or other sectors. Within the scope of these audits: (i) the process to be audited is analysed in order to identify existing activities, risks and controls, and (ii) tests are performed on the controls in place to oversee the risks deemed significant, lastly identifying any gaps and the relative suggestions to be made to the management;
- 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;
- internal fraud detection: this area includes detection/verification activities on fraudulent behaviour or serious technical/regulatory and behavioural irregularities by Group employees or associates, the results of which - if applicable, are shared with the competent structures to take the necessary measures;
- audits deriving from regulatory obligations;
- other activities required by regulations, projects and administrative 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 ("follow-up" activities).
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 Chief Executive Officer, 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 Actuarial Function carries out the following tasks:
- 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 re-insurance 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 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).

Moreover, with reference to the provisions in the financial statements, the Function carries out the control activities specified in ISVAP Regulation No. 22/2008, as subsequently modified and supplemented, as well as drafts and signs the corresponding technical reports.
Lastly, the contribution of the Actuarial Function may also be required in the definition of the Strategic Plan as well as for specific business requirements.

B.7 Outsourcing

UnipolSai is the main service provider of the Unipol Group. It is independent in almost all corporate areas and has the personnel and the skills to carry out these activities also on behalf of other companies of the Group.

The Company has also acquired the expertise to carry out, by appointment of the insurance companies and some other companies of the Group, the Key Functions needed to ensure the appropriate control on its organisation structure.

The Outsourcing and supplier selection policy ("Outsourcing Policy") defines guidelines on outsourcing and supplier selection, including the outsourcing to suppliers of cloud services, in order to govern the decision-making processes, responsibilities, duties 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 resulting from outsourcing decisions. The Outsourcing Policy is approved by the UnipolSai Board of Directors and is subject to periodic updates.

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 the Key Functions 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, exit strategies and any new outsourcing assignments or in-housing, in the case of outsourcing of essential or important functions and activities;
- the applicable Supervisory Authority reporting obligations;
- 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:

i. anomalous execution or failure to execute may seriously jeopardise:
   a. the financial performance, the solidity/stability of the Company or the continuity and the quality of the services provided to customers; or,
   b. the ability to 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;

ii. concern operational processes of the Key Functions, or have a significant impact on risk management;

iii. 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:

iv. those which relate to processes of strategic relevance or processes strictly functional or connected to those of strategic relevance;
v. those whose anomalous execution could have a significant impact, in terms of reputational risk;
vi. 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;
vii. those whose service provider is considered irreplaceable;
viii. those which relate to operating areas of the Company of significant size and complexity;
ix. 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.

In any event, the Company cannot outsource the assumption of risk.

The Company may conclude outsourcing agreements, provided the nature and the quantity of the functions or 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.

The Company has identified among its personnel a contact person to control the outsourced activities and has formalised the tasks and responsibilities of this.

The outsourcing of essential and important functions, 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 outsourced 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
Technical assistance in negotiating and signing contracts - management of Portfolio - Goods in Transit administr. Management	SIAT Società Italiana di Assicurazioni e Riassicurazioni p.A.	Via V Dicembre, 3 - Genova
Car repair	UnipolService S.p.A.	Via Carlo Marenco, 25 - Torino
Digital storage of the insurance documentation (claims and acts)	FDM	Via Valtorta 47, 20127 Milano
Storage and archiving of FEA certified electronic signature	Telecom Italia S.p.A.	Via Gaetano Negri, 1 - Milano
Alternative storage of communications to third parties	Telecom Italia S.p.A.	Via Gaetano Negri, 1 - Milano
Storage and archiving of the insurance registers	IN.TE.S.A. S.p.A.	Strada Pianezza, 289 Torino
Claims management	UP Services	Via Madonna del Violo, 6 - Poggio a Caiano (PO)
Claims management	Credit Network & Finance S.p.A.	Via Flavio Gioia, 39 - Verona
Handling tort before ANIA	ONE os S.r.l.	Via Principe Tommaso, 36 Torino
Liquidation of the Legal Expenses portfolio ceded to Reinsurers	ARAG SE Rappresentanza Generale e Direzione per l'Italia	Viale del Commercio, 59 - Verona (VR)
Claims settlement relating to prior years	BL Consulenze	Via La Spezia, 1 Milano
Claims Middle Office	Insurecom S.r.l.	Via Caboto, 1 - Corsico (MI)
Extrajudicial credit (premiums) recovery before legal proceedings	Mirò S.r.l.	Via del Perugino, 6/H – Bologna
Adimistr. SARC	Insurecom S.r.l.	Via Caboto, 1 - Corsico (MI)
Call center for medical assistance, addressing,reservations, claims management and settlement	UniSalute S.p.A.	Via Larga, 8 - Bologna
Caring and sales activities for insurance products	Covisian S.p.A.	Via Dei Valtorta, 47 - Milano

B.8 Any other information

Adequacy of the Internal Control and Risk Management System

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 Chief Executive Officer, the Control and Risk Committee and the Key Functions.
There is no other significant information on the company's system of governance.

Information on the Company's equity investment strategy as institutional investor

As set forth in Art. 5, paragraph 4 of IVASS Regulation No. 46 of 17 November 2020, the public communication concerning the elements of the equity investment strategy of the Company as institutional investor, pursuant to Art. 124-sexies, paragraph 1, of the TUF is set forth below[18].
The guidelines for UnipolSai's investment activities are defined in the Investment Policy in force within the Unipol Group, also approved by the Board of Directors of UnipolSai, which identifies - *inter alia* - the strategic investment policies, in terms of the composition of the medium/long-term investment portfolio, as well as the asset and liability management criteria.

[18] The communication is published on the Company's website at: https://www.unipolsai.com/en/governance/transparency-institutional-investors

The strategic investment guidelines are defined in line with the prudent person principle and take into account, on one hand, the risk appetite and the possibility to identify, measure, monitor and manage the risks related to each asset type and, on the other, the characteristics and the nature of the liabilities, the cash flows matching requirements and the control of the investment margins, to ensure integrated asset and liability management. From this perspective, investment limits are established to ensure adequate diversification and spreading of the assets, so as to guarantee continuous coverage of the technical provisions, as well as the security, quality, liquidity and profitability of the portfolio as a whole.

Within the framework thus outlined, the Company's investment strategy is outlined with a view to preserving stable medium/long-term profitability, pursuing an asset allocation in line with the characteristics and evolutionary trends of the liabilities. Particular attention is attributed to overseeing the financial guarantees provided, particularly with regard to the minimum guaranteed returns of the segregated funds.

Aside from defining the strategic asset allocation and the relative limits, the UnipolSai administrative body is periodically informed (on a quarterly basis) about the investment activities carried out during the reference period and the composition of investments, separately by asset type, in order to monitor respect for the limits established and propose any corrective actions.

The Investment Policy also defines the guidelines for responsible investing activities in order to identify and manage specific risks and impacts that assume relevance with reference to ESG (Environmental, Social and Governance) factors.

Lastly, insofar as this is specifically relevant with reference to the regulations in question, all investments in shares are managed directly by the competent corporate functions, without making recourse to external Asset Managers.

C

RISK PROFILE

C.1 Underwriting risk

Non-Life and Health Underwriting Risk

Definition

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");
- Reserve Risk: risk deriving from fluctuations concerning the timing and amount of future payments for claims already made at the date of evaluation;
- Catastrophe Risk: risk of losses or unfavourable changes in the value of the insurance liabilities due to extreme or exceptional events;
- Lapse Risk: risk of early extinction – on the initiative of the policyholder – of multi-year contracts.

SCR valuation methodology

As of 31 December 2023, the Company UnipolSai was authorised to use the Internal Model for the assessment of **Non-Life and Health underwriting risks** (represented by the sub-modules: premium risk, reserve risk, catastrophe risk and lapse risk). The methodology adopted calls for the use of internal models for the premium and reserve sub-modules as well as, in the context of catastrophe risks, for earthquake risk and the integration of a probability distribution function calibrated on the basis of the results of the Standard Formula for other risks. The aggregation of risks is calibrated by also taking into account information available on the Italian insurance market.

Exposures

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 Company 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 reserve risk	% on total
Motor vehicle liability insurance	2,945,740	35.9%	3,884,303	45.2%
Fire and other damage to property insurance	1,479,909	18.0%	1,268,485	14.7%
General Liability Insurance	876,227	10.7%	1,962,242	22.8%
Other motor insurance	1,068,073	13.0%	294,053	3.4%
Marine, aviation and transport insurance	21,952	0.3%	30,998	0.4%
Credit and suretyship insurance	41,747	0.5%	124,938	1.5%
Legal expenses insurance	26,491	0.3%	29,752	0.3%
Assistance	242,801	3.0%	37,805	0.4%
Miscellaneous financial loss	82,496	1.0%	13,557	0.2%
Non-proportional property reinsurance accepted	767	0.0%	128,452	1.5%
Non-proportional casualty reinsurance accepted	26,223	0.3%	288,596	3.4%
Non-proportional marine, aviation and transport reinsurance		0.0%	1,436	0.0%
Income protection insurance	721,359	8.8%	317,019	3.7%
Medical expense insurance	667,967	8.1%	218,033	2.5%
Non-proportional health reinsurance accepted	170	0.0%	2,355	0.0%
Total	**8,201,923**	**100.0%**	**8,602,024**	**100.0%**

SCR measurement

The SCR of the Non-Life and Health Underwriting risk module for UnipolSai calculated with the Partial Internal Model at 31 December 2023 was equal to €1,822,740k. With respect to the solvency requirement at 31 December 2022, measured using the Partial Internal Model and USP parameters, there was a -€277,710k change, primarily due to the reduction in the Non-Life capital requirement. This reduction mainly derived from the change in the SCR valuation methodology (as already described previously), partially offset by the effects deriving from the cross-border merger by incorporation of UnipolRe D.A.C. into UnipolSai Assicurazioni S.p.A.

Non-Life and Health SCR

Amounts in €k

Risk sub-module	2023	2022	Change on 2022
Non-Life	1,684,105	2,081,404	(397,299)
Non-Life premium and reserve	*1,289,505*	*1,602,075*	*(312,570)*
Non-Life surrender	*19,929*	*14,931*	*4,999*
Non-Life CAT	*794,063*	*791,845*	*2,218*
Health	*342,534*	*356,954*	*(14,420)*
Health premium and reserve	*337,241*	*354,327*	*(17,087)*
Health surrender	*12,454*	*6,883*	*5,570*
Health CAT	*9,517*	*9,741*	*(224)*
Non-Life and Health SCR	*1,822,740*	*2,100,450*	*(277,710)*

Concentration of risks

According to the provisions of Chapter III of IVASS Regulation No. 30 of 26 October 2016, risk concentrations are assessed at Group level consistent with what is set forth in the "Group-level Risk Concentration Policy". This policy provides for the risk concentrations to be measured with respect to:

- insurance liabilities in financial statements:
  - values of provision for individual claim;
- contingent liabilities outside the financial statements:
  - natural catastrophe exposures[19] 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.

In order to mitigate concentration, operating limits by insured counterparty are included in the underwriting autonomies defined according to the process illustrated in the non-life business underwriting policies. The operating limits with reference to the catastrophe exposures of the Bond class are included in the limits established by the Bond Credit Policy.

Risk mitigation techniques

The Company uses outwards reinsurance as risk mitigation technique.
With regard to the Premium and Reserve risks, the calculation of the capital requirement at 31 December 2023 was carried out by taking into account the mitigation generated by outwards reinsurance agreements, as established by regulations.

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

The capital requirement at 31 December 2023 relating to the Catastrophe Risk (CAT Non-Life) sub-module according to the Standard Formula was calculated by applying the outwards reinsurance agreements in line with the provisions of IVASS Regulation no. 31 of 9 November 2016, while for earthquake risk, subject to assessment according to the Internal Model, outwards reinsurance agreements were applied in a manner consistent with what is established in regulations and integrated with the other secondary risk sub-modules.

Life Underwriting Risks

Definition

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.

Life Underwriting Risk is represented through the following risk sub-modules:

- **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 linked 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.

SCR valuation methodology

The Company UnipolSai was authorised, from 31 December 2016, to use the Internal Model for the evaluation of 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, substantial changes were made to the methodologies used to assess risks. Specifically, starting from the assessments at 31 December 2023, the Company was authorised to use the Distribution Fitting model to assess surrender risk, to replace the Lee Carter model, and to integrate the early mass exit risk component.

Exposures

The Life portfolio of UnipolSai consists mostly of revaluable products, related to the financial returns of 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 2023

Amounts in €k

Best Estimate of Liabilities (BEL)	Value at 31/12/2023
Insurance with profit participation	24,476,137
Index-linked and unit-linked insurance	7,150,645
Other life insurance	(132,260)
Indirect business	2,053
Total	31,496,574

SCR measurement

The SCR of the Life Underwriting risk module for UnipolSai calculated with the Partial Internal Model at 31 December 2023 was equal to €402,820k. With respect to the solvency requirement at 31 December 2022, there was a €90,404k increase in the Life SCR Remaining part.

It should be noted that the details of the Life Underwriting Risk SCR shown below are presented in line with QRT S.25.02.21

Life SCR partial internal model

Amounts in €k

Risk sub-module	2023	2022	Change on 2022
Mortality/Longevity	*93,808*	*68,416*	*25,392*
Surrender	*329,974*	*223,901*	*106,072*
Life expenses	*92,177*	*104,870*	*(12,694)*
Life catastrophe	*32,311*	*32,207*	*105*
Life SCR Remaining part	402,820	312,416	90,404
SCR Ring Fenced Fund	15,804	16,411	(607)
Life SCR	418,624	328,827	89,796

The main source of risk at 31 December 2023 is represented by surrenders, the SCR of which is equal to 60% of the non-diversified Life Underwriting Risk.

The change in the Life SCR is linked to the increase in surrender risk by €106,072k to be attributed to the combined effect of i) the change in the SCR valuation methodology (as described previously) and ii) the increase in the volatility of the surrender risk factor, partially offset by the reduction in interest rates recorded during the year, given that the company is exposed to the increase in surrender frequencies.

Concentration of risks

According to the provisions of Chapter III of IVASS Regulation No. 30 of 26 October 2016, risk concentrations are assessed at Group level consistent with what is set forth in the "Group-level Risk Concentration Policy". The Company contributes to the significant risk concentrations observed at the Group level through its insurance liabilities, with a particular focus on surrender and mortality risks.

The Company identifies and measures surrender risk concentration through the total amount of the surrender value per individual policyholder or for groups of related policyholders. The orientation is in any event that of mitigating the concentration of surrender risk exposure by limiting the assumption of large contracts, in particular in the corporate segment.
As concerns mortality risk, the risk exposure measurement is expressed by the insured capital in the event of death. For this risk factor, reinsurance and other risk transfer techniques are the main tools used by the 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.

Risk mitigation techniques

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

C.2 Market risk

Definition

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.

SCR valuation methodology

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 market prices of equities;
- 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.

UnipolSai was authorised, from the year ended 31 December 2016, 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;[20]
- 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.
During the period under analysis, substantial changes were made to the methodologies used to assess spread risk in order to incorporate, in addition to the credit spread volatility component, also the relative probability of migration to other rating classes.

Exposures

The financial portfolio at 31 December 2023 consisted of 84.6% of Class C Assets and 15.4% of Class D Assets.
It should be noted that the Class C financial portfolio at 31 December 2023 mainly consists of (i) government bonds (37.2% of the financial portfolio), (ii) holdings in related undertakings, including participations (10.2% of the financial portfolio), (iii) investment funds (7.2% of the financial portfolio) and (iv) equity instruments (4.4% of the financial portfolio).

Composition of the financial portfolio

Amounts in €k	Solvency II value 2023	Exposure % on total PTF
Total Assets	**47,918,086**	**100.0%**
Total Class C	**40,556,604**	**84.6%**
Property, plant & equipement held for own use	735,365	1.5%
Property (other than for own use)	746,102	1.6%
Holdings in related undertakings, including participations	4,905,032	10.2%
Equities	2,118,195	4.4%
Equities - listed	1,849,500	3.9%
Equities - unlisted	268,695	0.6%
Bonds	28,538,528	59.6%
Government Bonds	17,803,138	37.2%
Corporate Bonds	10,485,424	21.9%
Structured notes	249,966	0.5%
Collateralised securities		0.0%
Collective Investments Undertakings	3,441,129	7.2%
Derivatives	62,889	0.1%
Deposits other than cash equivalents	9,364	0.0%
Total Class D	**7,361,482**	**15.4%**
Assets where the market risk is borne by policyholders	6,461,069	13.5%
Ring Fenced Funds	900,413	

20 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.

Verification of the prudent investment requirement

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.

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.

Given the above, the 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 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 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 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.

SCR measurement

Given the composition of the financial portfolio, we provide below the SCR figures calculated with the Internal Model for the year ended 31 December 2023 and a comparison with the capital requirement relating to 31 December 2022.

Market SCR internal model

Amounts in €k

Risk sub-module	Market SCR 2023	Market SCR 2022	Change on 2022
Interest Rate	344,651	351,471	(6,820)
Equity	1,689,754	1,733,315	(43,561)
Property	526,333	642,105	(115,772)
Spread	1,077,479	1,135,227	(57,749)
Exchange	50,342	18,430	31,912
Concentration	36,641	51,572	(14,931)
SCR Market Remaining part	**2,533,770**	**2,664,312**	**(130,542)**
SCR Ring Fenced Fund	**37,142**	**35,619**	**1,523**
Market SCR	**2,570,912**	**2,699,931**	**(129,019)**

With respect to the solvency requirement at 31 December 2022, there was a -€130,542k change in the Market SCR Remaining part, primarily deriving from the Property module, due to the lower relative risk of the portfolio, and the Spread module as a result of the improvement in the risk profile of corporate exposures.
More specifically, Market Risk mainly depends on Equity Risk and Spread 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.

We note that Equity Risk and Property Risk include, respectively, participations in non-real estate and real estate insurance subsidiaries, which within the Group contribute to the determination of the capital requirement through the line-by-line consolidation of the assets and liabilities of such entities.

Concentration of risks

According to the provisions of Chapter III of IVASS Regulation No. 30 of 26 October 2016, risk concentrations are assessed at Group level consistent with what is set forth in the Group-level Risk Concentration Policy. The Company contributes to significant risk concentrations at the Group level, through the exposures deriving by its investment in securities included in the Macro Asset Class Equity and Corporate Bond and Equity investments specified in the Group Investment Policy.

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

In order to mitigate current or future risk not in line with the risk objectives specified, the Company may adopt risk mitigation techniques, such as the use of financial transactions based on derivatives. 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.

If these instruments are used, specific controls are established to verify the adequacy of these risk mitigation techniques. Specifically, monthly tests are carried out to assess the effectiveness of the derivative hedges taken out by the Company.
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).
The following limits related to the sensitivity of the financial asset portfolios for different risk factors are also specified:

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

sensitivity with reference to Alternative Investments, due to a negative change of 15% in the values of Alternative Investment Funds.

C.3 Credit risk

Definition

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 re-insurance companies in the next 12 months.

SCR valuation methodology

From the year ended 31 December 2016, the Company has been authorised to use its Internal Model for the evaluation of the Credit Risk: the methodology adopted to assess the risk of default is 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. As of 31 December 2023, the Company was also authorised to include bond default risk, on which spread risk is already calculated using the Internal Model, in the Counterparty Default Risk valuation scope.

The types of exposures included in the Internal Model and relevant to the quantification of Counterparty Default Risk are the following:

- bond-type financial instruments: this category includes exposures consisting of bond-type financial instruments relating to corporate, financial and government issuers of non-OECD countries;
- receivables from banks deriving from cash and cash equivalents and derivatives: this category includes short-term liquidity deposits and exposures against OTC derivative hedges present in the investment portfolios of Group companies. The exposure also includes the Risk Mitigating Effect;
- receivables deriving from agreements with reinsurance companies: 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). The exposure also includes the Risk Mitigating Effect;
- receivables deriving from agreements with insurance companies: this category includes receivables from insurance companies for co-insurance relations and other receivables from insurance companies;
- 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;
- other type 1 receivables - identifiable debtors: this category includes all receivables not already included in the previous categories and specifically attributable to a specific counterparty.
- 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;
- sums to be recovered: loans to policyholders or third parties in relation to claims for which payment of the claim has been made (reimbursements and deductibles);

- other type 2 receivables: receivables identified from balance sheet assets that do not fall under the previous categories.

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 Solvency II Standard Formula are instead calculated using the weights provided by the Delegated Regulation (EU) 2015/35. The total requirement of the company is calculated by adding the two SCR components calculated separately, making a prudential assumption of full correlation of the risks.

Exposures

Credit SCR - Exposure

Amounts in €k

Exposure type	Exposure 2023	Total PTF %
Internal Model (IM)	17,632,268	98.1%
Standard Formula (STDF)	336,823	1.9%
Total	**17,969,091**	**100.0%**

SCR measurement

We provide below the value of the Solvency Capital Requirement for Credit Risk for the year ended 31 December 2023 and the comparison with the value for the year ended 31 December 2022, with a breakdown for the types of exposure covered by the Internal Model (IM) and those covered by the Standard Formula ("Excluded from Internal Model"):

Credit SCR

Amounts in €k

Exposure type	SCR 2023	SCR 2022	Change on 2022
Internal Model (IM)	596,872	320,672	276,201
Standard Formula (STDF)	52,369	62,344	(9,975)
Total	**649,241**	**383,015**	**266,226**

Compared to the solvency requirement at 31 December 2022, there was an increase of €266,226k, almost entirely attributable to the inclusion of bonds in the valuation scope of the Counterparty Default Risk Internal Model.

Concentration of risks

According to the provisions of Chapter III of IVASS Regulation No. 30 of 26 October 2016, incorporated in the Group-level Risk Concentration Policy, risk concentrations are assessed at Group level. The Company contributes to the significant risk concentrations observed at Group level.

With regard to the management of Credit Risk, the Company 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 controlled 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 at Group level).

With regard to risk concentrations, the Company must comply with the principles of assumption of the risk, the limits and the procedures of management specified in the Group Credit Policy and in the Risk Concentration Policy. The two Policies define, among other things, a mechanism for the identification of the exposures that, due to their size, may represent a significant risk at the Group level. They define the mechanisms of risk management, internal control and an organic decision-making process, common to all Companies of the Group. This process is structured to ensure that the Parent Company is informed of the assumption of risk of a more significant amount. The Credit Policy also sets the roles and the responsibilities of the bodies involved in the process of control of the risks at the Group level. 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.

To mitigate concentration risk, limits of functionality are specified, keeping into account the risk profile of the Company, in regard to the risk concentrations for:

- counterparties or Groups of related parties;
- sector;
- exposure type;
- counterparty type.

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 2023, the Company was mainly exposed to corporate and financial bonds as well as to counterparties operating in the financial sector.

Risk mitigation techniques

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

- *exposures to reinsurance companies*: deposits with the Group 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 Marked to Market exposures;
- *exposures to intermediaries*: portfolio indemnities are the main form of mitigation for exposures to agencies. These are in fact amounts due to the terminated agent in the case of termination of the relation with the Company (for the broker category, indemnities are specified exclusively at the level of CONSAP fund). The right of the Company 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

Definition

Liquidity Risk represents the risk that the Company may encounter difficulties in meeting its expected or unexpected cash commitments in a reasonable period of time, without having to incur economic losses deriving from forced asset sales that could affect its solvency.

Valuation methodology

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 Company 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 condition and in scenarios of stress of the technical variables.
In the period subject to analysis, no substantial changes were made to the measures used to assess risks.

Expected profits in future premiums

The total amount of the expected profits in future premiums calculated pursuant to Art. 260, Par. 2 of the Delegated Regulation (EU) 2015/35 was equal to €626,152k, of which €520,443k relating to the life business and €105,709k relating to the non-life business.

C.5 Operational risk

Definition

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 process involves four macro phases targeting the identification, measurement, monitoring and mitigation of Operational Risk.

The identification of Operational Risk is based on the collection of information on potential or historical events from all significant sources of information and classified in a consistent and coordinated manner, to represent and feed on an ongoing basis a global Operational Risk database, also with a view to increasing awareness of the specific exposure of the different lines of business.

The Operational Risk identification essentially involves carrying out two separate processes:

- Loss Data Collection ("LDC") with a "backward looking" meaning, a process that aims to collect historical Operational Risk events with the relative losses incurred and all other useful information for their measurement and management, including recoveries, both direct and deriving from insurance cover;
- collection of business expert opinions, through Risk Self Assessment ("RSA") processes and, for the Companies authorised to use the Partial Internal Model, Scenario Analyses on a "forward-looking" basis, a process of gathering business expert opinions, which 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 Operational Risk events is broken down using the cause - event - effect framework, to provide a truthful description of the chain of events that have produced the financial impact and related causes. External loss data is also gathered, which contribute to enhancing the wealth of information on how Operational Risk can arise in similar entities.

After the process to gather the business expert opinions, validation is performed of the data gathered and quality control of the analysis conducted.

The Operational Risk measurement activity is carried out on the basis of the following macro phases:

- quantitative impact, frequency and "worst case" assessment of the risks identified;
- control of risk scenario appropriateness and accuracy;
- calculation of the capital requirement relating to Operational Risk.

Operational Risk relating to outsourced activities is handled in the manner described below:

- the responsibility for risk relating to an outsourced activity always lies with the company that arranged the outsourcing;
- for activities outsourced to outside the Group, the risk analysis and assessment is carried out by also considering the contents of contractual agreements, taking into account the impact on business processes of events associated with an outsourced process;
- for activities outsourced within the Group, on the other hand, a more detailed analysis was carried out at business management process level.

After the Operational Risk identification and measurement activities, the Risk Owners formulate proposals for the mitigation of potential Operational Risk events. These proposals are submitted to the Risk Champions who, with support from the Risk Management Function, make decisions in terms of risk acceptance or the initiation of specific mitigation plans, on the basis of cost-benefit analysis.
The aim of the mitigation plans is to prevent, limit or transfer the effects of any risk event that might arise.
The implementation of mitigation plans is based on decisions made on an ongoing basis during the entire Operational Risk monitoring phase.

SCR valuation methodology

The Company calculates the capital requirement for Operational Risk by using the Standard Formula specified in the Delegated Regulation (EU) 2015/35.
In the period subject to analysis, no substantial changes were made to the methodologies used to assess risks.

SCR measurement

We provide below the capital requirement for Operational Risk calculated by using the Standard Formula for 2023 and the comparison with the SCR relating to 31 December 2022.

Operational SCR standard formula

Amounts in €k

Risk module	Operational SCR 2023	Operational SCR 2022	Change on 2022
SCR Operativo Remaining part	460,223	404,777	55,447
SCR Ring Fenced Fund	19	24	(5)
Operational SCR	**460,242**	**404,801**	**55,442**

Compared to the solvency requirement at 31 December 2022, there was a change in the Operational SCR Remaining part of +€55,447k, mainly due to the increase in the value of best estimates, due to the combined effect of the merger by incorporation of UnipolRE and of the catastrophic events that had an impact on the Fire and Other Damage to Property and Other Motor Insurance LoBs.

Continuity risk

Within Operational Risk, a significant risk is continuity risk, 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).

For the impact assessments and the adoption of measures to ensure continuity of the business processes, the Group BCMS considers the following crisis scenarios, including prolonged crises, resulting from natural events or caused by human activity:

- destruction or inaccessibility of buildings in which critical operating units or equipment are located;
- unavailability of critical IT systems;
- unavailability of essential personnel for critical business process operations;
- operational disruption of essential infrastructures and services (e.g. power supply, telecommunications networks, interbank networks, financial markets);
- alteration or loss of critical data and documents.

The measures planned - preventive or to be implemented in the Continuity Plans - can in any event help to also mitigate the impact of these scenarios.

Each process is assigned a critical level directly associated with the impact analysis in economic, regulatory or reputational terms, determined by an interruption of the process, based on the time ranges defined in the Policy:

- economic impact: considers the negative economic impact following interruption of the process, in terms of direct and indirect damage and/or missed revenue;
- regulatory impact: considers the effects of failure to comply with regulations or contracts in terms of administrative penalties, investigations by Supervisory Authorities and/or cancellation of authorisations;
- reputational impact: considers the consequences on the company's image in terms of the extent of third parties affected (outward visibility) and the level of their reaction.

The Business Impact Analysis therefore identifies the business critical processes (BCP) which, due to the impact of damages caused by their unavailability, call for prevention measures and business continuity solutions to be implemented in the event of a crisis (Business Continuity Plan).

IT risk

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.

C.6 Other material risks

With regard to the other risk categories, the Company 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 Risk Area, 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 medium/long-term forward-looking view 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" and "Chief Risk Officer" functions, 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 refer to i) risks suffered, or uncertain environmental, social or governance events or conditions which, should they occur, could cause a potential relevant negative effect on the business model, strategy and sustainability strategy of the company, its assets or liabilities and its capacity to reach the objectives and goals established and create value, as well as ii) risks generated, or the potential negative impacts generated by Group activities on environmental, social or governance factors. 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.

In order to assess the relevance of the ESG risks suffered, the Group has developed an exposure assessment process on the main traditional risk categories for emerging ESG risks considered to be priorities. This process made it possible to develop a Heatmap of emerging ESG risks, obtained by defining precise quantitative indicators for estimating exposure and collecting data on the company UnipolSai in its capacity as Parent Company.

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 analysis of climate change impact on physical risks consists of five levels: (1) identification of the business lines characterised by direct or indirect climate change impacts; (2) "climate change so far" monitoring analysis; (3) impact analysis on the scenarios indicated above; (4) analysis of the different "IPCC-RCP scenario/time horizon" combinations available for the most significant acute physical risks (flood and convective storms), particularly with reference to properties used in operations present in the area in question, (5) long-term analysis for chronic risks (sea level rise) and acute risks currently considered secondary perils (forest fires, drought). As instead regards the assessment of the climate change impact on transition risks, the Group quantifies the losses in value of financial investments for the different asset classes (bonds, shares, funds, etc.), originating from the shocks, segmented by business sector (NACE), calibrated on the basis of scenarios outlined by the Network for Greening the Financial System (NGFS). In addition, with particular reference to the assessment of Transition Risk relating to Properties, their redevelopment cost was estimated using a model that, in relation to the actual or estimated carbon footprint of each building, defines which energy efficiency measures to be applied in terms of the lowest marginal abatement cost (the maximum reduction of emissions at the lowest cost) and estimates the implementation costs and energy cost savings arising from implementation of these measures.
Lastly, with regard to the assessment of the climate change impact on physical risks relating to the financial investments portfolio, the Group quantifies impairment on the basis of the scenarios outlined by the NGFS. The analyses are performed at individual hazard level, in turn classified as acute or chronic and subsequently aggregated and by individual physical asset held by each counterparty in the portfolio. The impacts on the value of financial investments originate from physical damage and business interruptions for acute hazards and business interruptions due to chronic hazards.

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

This is 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 evaluates, with a risk-based approach, the adequacy of procedures, processes, policies and internal organisation to prevent the risk of non-compliance with applicable external and internal regulations and the company's internal measures[21]. The involvement of the Compliance Function is proportional to the significance of the individual regulations for the activity carried out and the consequences of violating them, and it is therefore at its maximum for the prevention and management of the risk of violating the most significant rules for purposes of compliance risk in relation to the business sector in which the company operates.

[21] As part of the Compliance Function, the "Model 231 Monitoring" Function has the responsibility of monitoring the legislative changes on the matter (Legislative Decree no. 231/2001), ensuring compliance with the regulations and updating the Organisation and Management Model, as well as the management of the related risk mapping.

In relation to other regulations, for which specific forms of specialised oversight are already established within the company, the involvement of the Function, again based on a risk-based approach, is accordingly calibrated, and takes place according to different forms also with reference to the applicable supervisory regulations.
The level of compliance risk is estimated, also taking into account the controls put into place, on the basis of the product between Impact and Frequency (probability of the sanction risk occurring) both by individual risk and overall by company, according to the following possible values: Low, Medium, High, Very High[22].

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

C.7 Other information

C.7.1 Sensitivity analysis

To monitor the sensitivity to the risk factors and important events, the Company 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 Company to assess the impact on its Solvency Ratio and Solvency Capital Requirement of changes in the main risk factors to which it is exposed.

The sensitivity analyses carried out are listed below, with their description and the results of the analyses in question. The analyses take as central scenario the capital adequacy and solvency capital requirement calculated according to the regulatory model adopted by the Company.

Sensitivities

Description	Impact with respect to central scenario	Impact on Solvency Ratio
Shift upward of the interest yield curve	interest rate: +100 bps	20 p.p.
Shift downward of the interest yield curve	interest rate: -100 bps	-13 p.p.
Shock on credit spread – corporate bonds	industrial and financial credit spreads: +100 bps	-2 p.p.
Shock on equity market	equity market value: -20%	-3 p.p.
Shock on property market	property market value: -15%	-5 p.p.
Sensitivity on Italian Government spread	Italian Government spread: +100 bps	-14 p.p.
Sensitivity on inflation	inflation: +100 bps	-9 p.p.
Sensitivity on surrender frequencies	Surrender tables:: +100%	-11 p.p.
Sensitivity on combined ratio	combined ratio: +100 bps	-2 p.p.

<u>Sensitivities on interest rates curve</u>
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, a shift respectively equal to +100 bps and -100 bps.

The +100 bps increase in interest rates resulted in an increase of +20 p.p. in the Solvency II ratio.

The -100 bps decrease in interest rates resulted in a reduction of -13 p.p. in the Solvency II ratio.

22 In view of the residual compliance risk of High and Very High, the appropriate corrective plans aimed at resolving the anomalies identified are defined and promptly brought to the attention of the Board of Directors.

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 (VA) following the shock to the spreads, which had a value of 43 bps.

The +100 bps increase in industrial and financial credit spreads resulted in a decrease of -2 p.p. in the Solvency II ratio.

Sensitivity on equity market
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 -3 p.p. in the Solvency II ratio.

Sensitivity on property market
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 property and property funds, equal to -15%.

Taking into account the breakdown of the Company's portfolio, the decrease in the value of the property market of -15%, explained by the exposure to the property owned by the Company, resulted in a reduction in the Solvency II ratio of -5%.

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 -14 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 24 bps, an increase of 4 bps compared to the VA value at 31 December 2023.

The +100 bps increase in the spread does not determines the triggering of the national component of Volatility. 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=24 bps) applied to all liabilities.

Sensitivity on inflation
To analyse the impact of a shock on inflation, a sensitivity analysis was carried out in which a +100 bps increase in inflation was assessed, with impacts on the repricing of inflation-linked securities, reserves and the main components of general expenses.

The +100 bps increase in inflation resulted in a reduction of -9 p.p. in the Solvency II ratio.

Sensitivity on surrender frequencies
To analyse the impact of a shock on surrender frequencies of the Life portfolio, an analysis was carried out in which an increase of +100% in the surrender tables was assessed.

The +100% increase in the surrender tables resulted in a reduction of -11 p.p. in the Solvency II ratio.

Sensitivity on combined ratio
With reference to Non-Life technical insurance variables, a sensitivity analysis was developed which consists in an unfavourable change in the combined ratio of +100 bps across all lines of business, such as to determine a significant loss in the income statement of the Company. The assessment is carried out net of reinsurance.

The +100 bps increase in the combined ratio resulted in a reduction of -2 p.p. in the Solvency II ratio.

D

VALUATION FOR SOLVENCY PURPOSES

D Valuation for solvency purposes

Introduction

The solvency capital requirement envisaged in the Directive is determined as 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.

Consequently, the Company's Market Consistent Balance Sheet (MCBS) was prepared in steps as follows:

- restatement of individual assets and liabilities of the Company based on the classification criteria envisaged for completing the QRT S.02.02.2 (Balance Sheet);
- valuation of the individual assets and liabilities in application of the Regulation criteria, as far as possible consistent with the valuations expressed for the group consolidated financial statements prepared in compliance with IAS/IFRS standards.

The contents of the QRT SE.02.01.16 (MCBS), prepared in reference to 31 December 2023, is provided below. The MCBS shows the valuation of the Company's assets and liabilities at Market Consistent values (Solvency II Value) compared with the valuation used by the Company to prepare its own financial statements (Statutory Account Value).

Statement of financial position (MCBS) - current values

Assets

Amounts in €k	Solvency II value	Statutory accounts value
Goodwill		249,148
Deferred acquisition costs		84,205
Intangible assets		413,584
Deferred tax assets		439,241
Pension benefit surplus		
Property, plant & equipment held for own use	735,365	604,638
Investments (other than assets held for index-linked and unit-linked contracts)	39,821,239	40,584,921
Property (other than for own use)	746,102	615,355
Holdings in related undertakings, including participations	4,905,032	5,282,460
Equities	2,118,195	1,796,840
Equities - listed	1,849,500	1,528,145
Equities - unlisted	268,695	268,695
Bonds	28,538,528	29,859,035
Government Bonds	17,803,138	18,845,262
Corporate Bonds	10,485,424	10,750,331
Structured notes	249,966	263,442
Collateralised securities		
Collective Investments Undertakings	3,441,129	2,964,424
Derivatives	62,889	57,444
Deposits other than cash equivalents	9,364	9,364
Other investments		
Assets held for index-linked and unit-linked contracts	7,361,482	7,361,426
Loans and mortgages	1,327,958	1,327,958
Loans on policies		
Loans and mortgages to individuals	469,599	469,599
Other loans and mortgages	858,360	858,360
Reinsurance recoverables from:	759,262	919,000
Non-life and health similar to non-life	744,601	904,337
Non-life excluding health	739,782	
Health similar to non-life	4,819	
Life and health similar to life, excluding health, index-linked and unit-linked	14,661	14,663
Health similar to life		
Life, excluding health, index-linked and unit-linked	14,661	14,663
Life index-linked and unit-linked		
Deposits to cedants	378,167	378,167
Insurance and intermediaries receivables	1,305,648	1,305,531
Reinsurance receivables	81,332	81,333
Receivables (trade, not insurance)	113,073	113,073
Own shares (held directly)	2,142	2,229
Amounts due in respect of own fund items or initial fund called up but not yet paid in		
Cash and cash equivalents	537,363	537,363
Any other assets, not elsewhere shown	3,690,068	3,690,175
Total assets	56,113,099	58,091,991

Liabilities

Amounts in €k	Solvency II value	Statutory accounts value
Technical provisions – non-life	11,995,442	14,482,404
Technical provisions – non-life (excluding health)	11,197,985	14,482,404
Technical provisions calculated as a whole		
Best Estimate	10,860,617	
Risk margin	337,369	
Technical provisions - health (similar to non-life)	797,456	
Technical provisions calculated as a whole		
Best Estimate	765,808	
Risk margin	31,649	
Technical provisions - life (excluding index-linked and unit-linked insurance contracts)	24,566,805	26,095,699
Technical provisions - health (similar to life)		
Technical provisions calculated as a whole		
Best Estimate		
Risk margin		
Technical provisions – life (excluding health and index-linked and unit-linked insurance contracts)	24,566,805	26,095,699
Technical provisions calculated as a whole		
Best Estimate	24,345,929	
Risk margin	220,875	
Technical provisions – index-linked and unit-linked	7,200,999	7,374,355
Technical provisions calculated as a whole		
Best Estimate	7,150,645	
Risk margin	50,354	
Other technical provisions		
Contingent liabilities		
Provisions other than technical provisions	472,715	472,715
Pension benefit obligations	47,886	26,616
Deposits from reinsurers	129,365	129,365
Deferred tax liabilities	569,907	6,060
Derivatives	85,633	107,005
Debts owed to credit institutions		
Financial liabilities other than debts owed to credit institutions	49,958	
Insurance and intermediaries payables	98,774	98,651
Reinsurance payables	27,375	27,381
Payables (trade, not insurance)	54,094	54,094
Subordinated liabilities	1,700,679	1,789,590
Subordinated liabilities not included in Basic Own Funds		
Subordinated liabilities included in Basic Own Funds	1,700,679	1,789,590
Any other liabilities, not elsewhere shown	1,071,315	1,086,835
Total liabilities	**48,070,947**	**51,750,770**
Excess of assets over liabilities	**8,042,152**	**6,341,221**

The following paragraphs illustrate the main differences in assessments for MCBS purposes and financial statements purposes.

D.1 Assets

D.1.1 Valuation criteria

This section illustrates the criteria, methods and models used by the Company 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 Company's assets and for which a price is available on an active market for similar assets. It should be noted that, as of today, the Company 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 adopted by the company for the different macro categories of financial instruments, receivables and property. These methods are consistent with the criteria defined by IFRS 13 and with the indications provided by the Parent Company Unipol.

		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;
- 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 an 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.

Mark to Market valuations
With reference to listed shares, ETFs and listed derivatives, the Mark to Market valuation corresponds to the official valuation price of the reference market.
For 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.

Mark to Model valuations
The Company 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 separate 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 – CSA) between the Company 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 at the recognition date provided directly by the fund administrators.

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.
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.

Fair value measurement for structured bonds and structured SPV bonds
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 by taking into account the credit rating of the company "at inception", 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 measurement criteria for intangible assets;
- internal valuation models.

In particular, pursuant to Art. 13 of 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 associates and in financial and credit institutions 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);
- there are no participations in listed companies.

These criteria differ from the valuation method for participations in the Company's financial statements. Based on Italian accounting standards, participations held as long-term must be measured at cost, net of any impairment losses.

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].

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

[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.

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 Company 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.

Amounts in €k	Solvency II value	Statutory accounts value	Difference
Goodwill		249,148	(249,148)
Deferred acquisition costs		84,205	(84,205)
Intangible assets		413,584	(413,584)
Total		**746,938**	**(746,938)**

Following the necessary adjustments to the three items indicated above in the MCBS, the Company recorded a decrease in shareholders' equity in the financial statements for €746,938k, gross of related tax effects.

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 drafted at least annually. The value recognised in the Company's financial statements corresponds to the purchase cost, adjusted if necessary for any legally required revaluations, any merger surplus or deficit and any impairment losses, net of depreciation.

Tangible assets

Amounts in €k	Solvency II value	Statutory accounts value	Difference
Property, plant & equipment held for own use	735,365	604,638	130,727
Property (other than for own use)	746,102	615,355	130,747
Total	**1,481,467**	**1,219,993**	**261,474**

The increase in the value of tangible assets of €261,474k compared to the financial statements for the year, gross of tax effects, is due to the fair value measurement of real estate for €212,279k and the effect of the application of IFRS 16 for the recognition of "rights of use" concerning tangible assets subject to lease agreements as tenant, in the amount of €49,196k.

Note that in reference to other tangible assets (e.g. equipment, plant, machinery and vehicles), the recognition value in the MCBS is consistent with the recognition value in the financial statements which, given the nature and significance of such assets, was considered representative of the fair value.

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 in class D of the balance sheet of the financial statements, which correspond to 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	Statutory accounts value	Difference
Assets held for index-linked and unit-linked contracts	7,361,482	7,361,426	56

These assets were also measured at fair value in the financial statements. The difference recognised is due to the fact that, in the financial statements, the fair value measurement method used for financial instruments classed as unit-linked was 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 financial statements.

Other investments (excluding participations)

As a general principle, all investments are measured at fair value as required by the Directive, unlike in the Company's financial statements in which the values are determined as follows:

- for investments classed as long-term, at purchase cost net of any impairment losses;
- for other investments, at the lower between the purchase cost and the present value determined on the basis of market trends.

With reference to investments formed by deposits with financial institutions ("*Deposits other than cash equivalents*") and by "*Loans and mortgages*", the recognition value in the MCBS is consistent with the recognition value in the financial statements which, given the nature and significance of such assets, was considered an adequate representation of the fair value.

Other financial investments

Amounts in €k	Solvency II value	Statutory accounts value	Difference
Equities	2,118,195	1,796,840	321,355
Equities - listed	*1,849,500*	*1,528,145*	*321,355*
Equities - unlisted	*268,695*	*268,695*	
Bonds	28,538,528	29,859,035	(1,320,507)
Government Bonds	*17,803,138*	*18,845,262*	*(1,042,124)*
Corporate Bonds	*10,485,424*	*10,750,331*	*(264,907)*
Structured notes	*249,966*	*263,442*	*(13,476)*
Collective Investments Undertakings	3,441,129	2,964,424	476,705
Derivatives	62,889	57,444	5,445
Deposits other than cash equivalents	9,364	9,364	
Loans and mortgages	1,327,958	1,327,958	
Loans and mortgages to individuals	*469,599*	*469,599*	
Other loans and mortgages	*858,360*	*858,360*	
Total	35,498,063	36,015,064	(517,001)

Taking into account what has been said with respect to the market valuation of the financial assets of the MCBS and the aforementioned unfavourable market performance recorded in 2023, the Company recorded a consequent decrease in assets in the MCBS compared to the financial statements for the year of €517,001k, gross of the related tax effect.

Participations

Amounts in €k	Solvency II value	Statutory accounts value	Difference
Holdings in related undertakings, including participations	4,905,032	5,282,460	(377,428)

The different methods for calculating the value of Participations led to a decrease in assets by €377,428k in the MCBS compared to the financial statements, gross of the related tax effect.

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	Statutory accounts value	Difference
Deferred tax assets		439,241	(439,241)
Deferred tax liabilities	(569,907)	(6,060)	(563,847)
Net total	(569,907)	433,180	(1,003,087)

The differences compared to the financial statements are associated with the deferred tax effect of temporary differences deriving from adjustments to the asset and liability valuations commented in paragraphs D.1, D.2 and D.3.
The following summary table provides a breakdown of deferred tax assets and liabilities recognised in the MCBS by nature of the temporary difference leading to their recognition and an indication of the time horizon forecast for reversal of the temporary differences.
At the reporting date there are no temporary deductible differences, tax losses eligible to be carried forward or unused tax credits and consequently the corresponding deferred tax assets have not been recognised.

Nature of temporary differences and reversal expectations

Amounts in €k

Breakdown deferred tax assets/(liabilities) recognised in the MCBS for nature of the temporary differences	IRES	IRAP	Time horizons expected for the reversal of the temporary differences
Intangible assets (released goodwill)	157,460	25,646	The item relates to intangible assets that are not included in the MCBS. The reversal of the temporary difference, excluding early disposals, is related to the amortisation which, in the case of intangible assets other than goodwill, is expected on average in 3-5 years. As to goodwill subject to value realignments pursuant to Legislative Decree no. 104/2020, the differences will be reversed in a period of 50 years starting from 2021.
Real estate and tangible assets held for own use and for investment	(24,014)	(8,035)	The temporary differences will be reversed through the annual amortisation or on the disposal of the asset. This item includes taxes still due of the realised capital gains, spread out pursuant to Art. 85, Par. 4 of Consolidated Income Tax Law (TUIR), for an amount equal to €635k.
Other financial investments (debt instruments)	256,208	72,950	The temporary differences relative to the bonds will be reversed gradually as the maturity approaches or to the disposal of the securities. The item includes realized capital gains, paid in installments on the basis of article 85 paragraph 4 of the TUIR, for an amount equal to €3,969k. The average duration of the bond portfolio of the Company is 2.22 years for Non-Life Business and 5.68 years for Life Business.
Other financial investments (equity instruments and UCITS)	(127,635)	(40,722)	The temporary differences relative to the equity instruments and UCITS will be reversed with the disposal of the securities.
Non-Life net technical provisions (claims provision changes)	126,988		The temporary differences deriving from the upward adjustments for increases of the provisions will be reversed in compliance with the provisions of Art. 111 Par. 3 of TUIR (18 years for the years up to 2014 and 5 years from 2014).
Non-Life net technical provisions (IFRS and SII adjustments)	(556,484)	(158,134)	The temporary differences deriving from the adjustments between financial statements and MCBS will presumably be reversed gradually with the release of the corresponding technical provisions. The average duration of Non-Life technical provisions is of approximately 2.23 years.
Life net technical provisions (provision changes)	23,885		The temporary differences deriving from the upward adjustments for increases of the provisions will be reversed in compliance with the provisions of Art. 111 Par. 1-bis of TUIR.
Life net technical provisions (IFRS and SII adjustments)	(392,467)	(111,526)	The temporary differences deriving from the adjustments between financial statements and MCBS will be reversed presumably gradually with the release of the corresponding technical provisions. The average duration of the Life technical provisions is of approximately 7.38 years.
Financial liabilities	(19,608)		The reversal differences will take place consistently with the residual life of the loans (excluding early repayment if the financial and regulatory conditions were met).
Provisions for risks and charges	103,072		The reversal of the differences is related to the actual incurring of the expected charge, which is difficult to forecast since its timing cannot be influenced by the Company.
Receivables	171		The reversal of the temporary differences derives from the application of Art. 106 Par. 3 (time horizon 5 years according to the percentages set by this article).
Other assets and liabilities	77,488	24,850	Residual item for which it is reasonable to assume a reversal period of 2 years maximum.
Total	**(374,936)**	**(194,971)**	

Deferred tax assets, as represented in the table, were recognised as the benefits in terms of the reduction of the future tax base deriving from the reversal of temporary deductible differences are more than offset by the total amount deriving from the corresponding reversal of deferred tax liabilities relating to income taxes collected by the same tax authority, also taking into consideration, with reference to IRES, the right to carry forward any tax losses to future years with no limitation.

Other assets

The differences recognised between other assets in the MCBS and their corresponding valuations in the financial statements are provided below.

Amounts in €k	Solvency II value	Statutory accounts value	Difference
Deposits to cedants	378,167	378,167	
Insurance and intermediaries receivables	1,305,648	1,305,531	118
Reinsurance receivables	81,332	81,333	(1)
Receivables (trade, not insurance)	113,073	113,073	
Own shares (held directly)	2,142	2,229	(87)
Cash and cash equivalents	537,363	537,363	
Any other assets, not elsewhere shown	3,690,068	3,690,175	(107)
Total	6,107,792	6,107,869	(77)

The difference in the value of own shares is attributable to the valuation of the Company's shares at listed price in the MCBS compared to that established for the financial statements, in which they have to be represented at purchase cost and deducted from shareholders' equity.
In reference to the other assets in the above table, the book value in the MCBS is consistent, except for some irrelevant differences, with the book value in the Financial Statements which, given the nature and significance of such assets, is considered an adequate representation of the fair value.

D.2 Technical provisions

D.2.1 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.

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

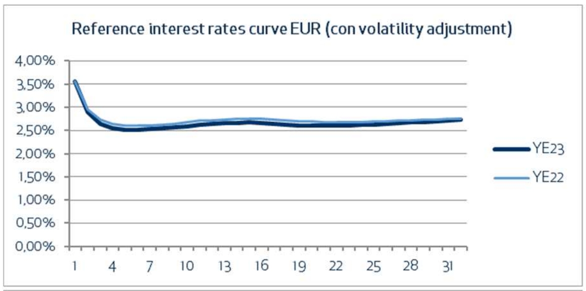
The main difference compared to the current applicable regulations for the preparation of the financial statements (see ISVAP Regulation no. 22 of 4 April 2008, subsequently amended and supplemented), which establishes that the valuation must be carried out in accordance with the criteria of prudence, is represented by the adoption of a "market" value. 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*".

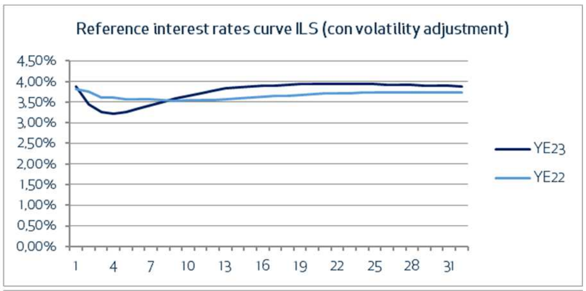
In this sense, the risk margin assumes the meaning of risk premium or, in actuarial terms, safety loading, whereas the prudence is included in the retention of an adequate level of capital.

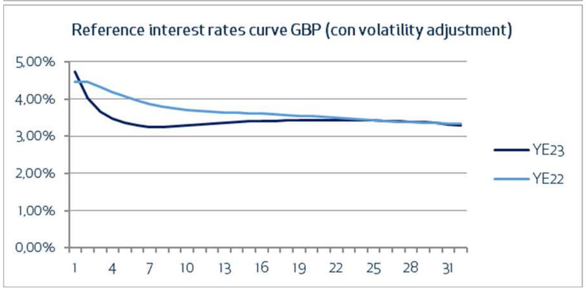
These principles are satisfied in the adoption of a Discounted Cash Flow (DCF) method for the BEL valuation, eliminating all forms of prudence (e.g. final cost valuation for claims provisions, inclusion of provisions for unexpired risks and supplementary provisions for the premium provision) and including - in the valuation - all variables that could affect the amount of future cash flows.

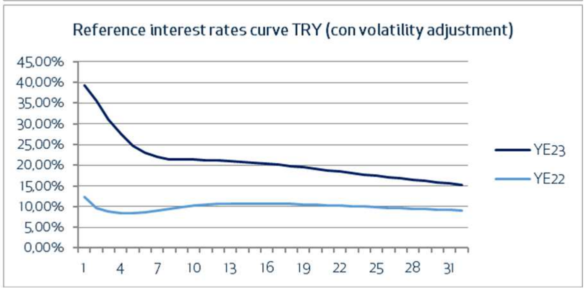
The BEL corresponds to the present estimated value of future cash flows calculated on the basis of the relevant due dates structure of risk-free interest rates, taking into account the volatility adjustment referred to in Art. 77-quinquies of Directive 138/2009/EC.

The due dates structure of reference rates used in the valuations is illustrated below:









Reference interest rates curve

	EUR		GBP		ILS		TRY	
	dec-23	dec-22	dec-23	dec-22	dec-23	dec-22	dec-23	dec-22
Coupon_freq	1	1	1	1	1	1	0	0
Last Liquidity Point	20	20	50	30	20	20	9	9
Convergence	40	40	40	40	60	60	51	51
Ultimate Forward Rate	3.45%	3.45%	3.45%	3.45%	3.45%	3.60%	5.50%	5.50%
alpha	0.1112	0.1112	0.0982	0.0708	0.1025	0.0899	0.1745	0.1451
Credit Risk Adjustement	0.10%	0.10%	0.00%	0.00%	10.00%	10.00%	0.10%	0.20%
Volatility Adjustment	0.20%	0.19%	0.19%	0.24%	0.00%	0.00%	n/a	n/a

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.

The calculation of the claims BEL is structured on a comparison between the final cost results deriving from the application of several actuarial models to the amounts gross of all deductions or discounts (with the option of expert judgement actions in the choice of certain growth factors) and the values of provisions in the Financial Statements. The calculation process provides for the aggregation of the data to be input into the actuarial models, the calibration of the models (Chain Ladder Paid, Chain Ladder Incurred, Bornhuetter Ferguson and Average Cost Per Claims) and, lastly, the choice of the UBE obtained from an average of the results of the models developed or from the Statutory Reserve for some specialist classes. Subsequently, the deduction component (recoveries) and discounted cash flow component are added to the model.

Starting from 2022, the models were integrated to explicitly take into account inflation. In order to define an inflation rate curve for the estimate of the final cost, different scenarios produced internally by the Research Department and externally by institutions such as the ECB were compared.

For the “Credit and Suretyship” and “Marine Aviation and Transport” lines of business, the statistical/actuarial models were applied, but in view of the business type the documented analysis was considered more reliable (inventory reserve). Consequently, for these lines the calculation of the claims BEL was founded on provisions recorded in the Financial Statements, suitably discounted on the basis of the estimated growth in future payments over time. A similar approach was also adopted for the “Assistance” line of business, in light of the very high settlement rate in this LoB and the stability of the phenomenon of claims incurred but not reported.

With reference to the indirect business of the UnipolSai portfolio before the merger of UnipolRe, it should be noted that almost all of it is represented by proportional covers. For the latter, the Best Estimate is valued through the application, to the reserve in the financial statements, of the direct business LoB breakdown pattern observed. For non-proportional treaties, given the low materiality of the amounts, it was decided that Best Estimates of the LOBs relating to Non-Proportional Reinsurance could be calculated in a simplified manner, applying to the reserves of the local financial statements the assumption of paying the entire value in the subsequent year for discounting purposes.
With reference to the indirect business of the UnipolSai portfolio deriving from UnipolRe, the Best Estimates were evaluated by aggregating by LoB the results of the calculations carried out for the Local GAAP financial statements (which where possible calls for the application of actuarial statistical models), and subsequently, by applying a claims settlement rate and the discounting curve.

The premiums BEL was calculated on the cash flows obtained from the projection of the Company’s historic ratios (loss ratio and expense ratio, estimated by considering an average for the last three/four years, except in the presence of distorting trends or phenomena) applied to the existing portfolio values at the time of valuation, separately for each Insurance Class/LoB_SII and the type of business. The cash flows, obtained also considering the pattern of future payments, 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. The total liabilities recognised in the financial statements against the provisions for profit participation 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.

Consistent with the simplifications adopted for the claims BE, only for non-proportional reinsurance-related LoBs non deriving from UnipolRE business, treated according to the methodology described above, the premiums BEL was calculated on the assumption that all payments were concentrated on the first due date after the valuation date (a conservative assumption in that it minimises the impact of cash flow discounting) and the estimated combined ratio was 1 (“neutral” assumption compared to the valuation of estimated profits generated by the premium provision).

The comparison between Non-Life technical provisions measured for the Market Consistent Balance Sheet and those calculated for the 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	Local GAAP
Valuation approach	Matching adjustment concept + explicit Risk Margin	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 - 2022 - without VA	(0.78)%	(0.79)%	(0.78)%
Curve - 2022 - basic	(1.18)%	(1.22)%	(1.19)%
Curve - 2023 - without VA	0.44%	0.46%	0.44%
Curve - 2023 - basic	8,602,024	2,279,799	10,881,823
Curve - 2023 - basic +1%	(2.12)%	(2.24)%	(2.15)%

Compared to the curve used, a volatility adjustment of zero would lead to an upward change in BEL by around 0.44%. A 1% increase in the curve would result in a reduction of approximately 2.15%. Lastly, if the curve remained unchanged compared to 31 December 2022, the BEL would be lower by around 1.19%.

Best Estimate Liability Life

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

As regards revaluable products, associated with returns of Segregated Funds, the typical quantities are projected at "point" level deriving from the non-destructive aggregation of information on individual policies that have the same characteristics, including the 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 the 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 the Company. Taking into account the structure of the policies portfolio and the underlying assets portfolio, forecasts of financial market performance, but above all coherence with the Company’s strategic guidelines, the management actions are defined by the Board of Directors based on the proposal from the Finance Department in concert with the Risk Management Function. It should be emphasised that the management actions are implemented in terms of asset allocation target and returns target. If in the values projection (for every instant on the reference time horizon) the asset allocation and returns targets assume values different from those defined, financial security purchase and sale mechanisms are triggered to bring the returns and/or asset allocation back to the defined levels. This obviously involves realising gains/losses that have an impact on the returns recognised to the policyholders. In addition, at the end of each year the “financial statement restriction control” is carried out, or the realignment, for each financial portfolio, of the carrying amount of the securities with the amount of the mathematical provision increased by a predefined percentage for each account and representative of “over-coverage” (or the excess of assets with respect to liabilities which usually occurs in operations) through: (i) the realisation, at current market values, of the excess share of assets, if the carrying amount of the assets is higher than the mathematical provision plus the target over-coverage percentage or (ii) the injection of liquidity if, vice versa, the mathematical provision, plus the target over-coverage percentage, exceeds the carrying amount of the assets and it is necessary to restore the minimum level of coverage as per regulations in force.

The comparison between Life technical provisions measured for the Market Consistent Balance Sheet and those calculated for the 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 tariffs envisaging benefits linked to the performance of segregated funds (i.e. revaluable).

In the financial statements, the provisions for such tariffs are calculated using methods consistent with ISVAP Regulation No. 22 of 4 April 2008, as subsequently amended and supplemented, which envisages that if the companies assess the assets representing provisions using the purchase cost method, a valuation of technical provisions using the discounted cash flow method is sufficiently prudent as, in considering future commitments, this uses the same technical bases adopted for calculating the premium. The provisions calculated in this manner are supplemented with “integrative” or “additional” provisions calculated on the basis of consolidated methods according to best practices or recommended by the Supervisory Authority, if the primary technical bases - financial and non-financial - prove unsuitable to meet the Company’s future obligations. Overall, the financial statements approach to calculation of the Life technical provisions does not allow full expression of the cost of financial guarantees granted to the policyholders, or a possible unfavourable development in the options granted to the policyholders.

The Life BEL is instead determined in reference to a balance sheet in which all assets are measured at fair value, i.e. are directly associated with financial market performance. As previously mentioned, the BEL is calculated by discounting estimated cash flows at the valuation date using the most recent technical and financial assumptions. The distribution of the probability of estimated cash flows is obtained in a risk-neutral environment (thereby removing any subjective prudence) and, in addition to the event of death, takes into consideration the policyholders’ behaviour by adopting the probability of surrender and the exercise of any options granted to the policyholders. Based on specific requirements of the regulations, the valuation also takes into consideration the financial guarantees of returns granted to the policyholders.

The projected insured capital is revalued on the expected returns of the portfolios, obtained 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.

For the valuation of all products in the portfolio, standard approaches were used for the stochastic simulation of the financial variables.

In addition to the economic assumptions described previously, the calculations of Solvency II technical provisions are also based on a series of operating assumptions relating mainly to:

- Development of biometric risk factors (mortality, longevity);
- Operating expenses;

- Exercise frequency of options granted to the customer (surrender, withdrawal, conversion to annuity, maturity deferral, additional payments, reduction, interruption of payment of recurring single premiums).

These assumptions are determined as the best possible estimate at the valuation date on the basis of the Company's historic experience, if available, or of appropriate market benchmarks.

For many reasons, normally associated 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 Company's 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 Company's 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 less than 2%.

The description provided above is the main simplification adopted in the Life BEL calculation.

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 2023 as €31,496,574k, with related descriptions expressed as the percentage change in the total.

Sensitivity	Sensitivity description	
IR -100bps	Downward shift of 100 basis points of the risk-free curve	7.05%
IR +100bps	Upward shift of 100 basis points of the risk-free curve	(5.90)%
EQ -20%	20% decrease of equity market value	(1.96)%
EQ +20%	20% increase of equity market value	2.19%
Spread +50bp	Increase of 50 basis points of the spread	(1.28)%
Spread -50bp	Decrease of 50 basis points of the spread	1.67%
Surrenders -50%	50% decrease of redemption rates (multiplier factor, ie 50% of the best estimate redemption assumption)	(0.52)%
Surrenders +50%	50% increase of redemption rates (multiplier factor, ie 150% of the best estimate redemption assumption)	0.40%
Mortality +15%	15% increase in mortality (multiplication factor, i.e 115% of death probabilities is considered)	(0.10)%
Mortality -20%	20% drecrease of mortality (multiplier factor, i.e. 80% of death probabilities is considered)	0.19%
Expenses +10%	10% increase of management costs and 1% increase of the expected inflation rate	0.46%
No volatility adjustment	Reduction of the reference rate curve equal to the amount of volatility adjustment	0.74%
No Over-coverage	Cancellation of the over-coverage constraint in the application of the budget constraint (see next point)	0.00%
No FS restrictions	Cancellation of the budget constraint	0.05%
No yeld target	The management rule for targeting a performance for each projection year is deactivated	0.73%

The sensitivity with the greatest impact on the total BEL is that relating to changes in the reference curve: the 100 bps decrease results in an increase in the total BEL of 7.05%.

Amongst the technical variables, that to which the BELs are most sensitive is surrenders: in the current market situation, if there is a 50 bps increase in surrenders, there would be an increase of 0.40%.

The cancellation of the financial statements restriction (i.e. realignment between assets and liabilities), as well as the cancellation of the over-coverage assumption, have an almost zero impact on the BEL, while the cancellation of the management rule of target yields has a greater impact.

Technical Provisions - Reinsurers' share

NON-LIFE

Calculation of the reinsurers' share of provisions for the Non-Life and Health businesses was performed by applying - on direct and indirect business volumes ceded - the results obtained for the gross direct business, and then estimating 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 loss given default (LGD) estimated by the Company.

In particular:

- 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 of Life business through the reinsurance channel it was not necessary to develop a specific BEL valuation of the reinsurers' share, which was therefore approximated with the reinsurers' share of provisions indicated in the Company's financial statements, to which an adjustment was made to take into account the probability of default of the reinsurer. Again in consideration of the very limited volumes, the same approach is applied to the BEL for indirect business.

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, separate and diversified 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 Risk Margin is calculated 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 rate 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.

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)	**11,189,280**	**333,873**	**(744,457)**	**10,778,695**
1	Medical expense insurance	286,842	8,849	(269)	295,423
2	Income protection insurance	476,611	22,494	(4,551)	494,554
3	Workers' compensation insurance				
4	Motor vehicle liability insurance	4,807,592	105,245	(31,039)	4,881,798
5	Other motor insurance	670,503	18,427	(15,366)	673,563
6	Marine, aviation and transport insurance	58,067	2,155	(18,861)	41,361
7	Fire and other damage to property insurance	2,285,982	66,964	(496,715)	1,856,231
8	General liability insurance	2,143,784	89,172	(22,095)	2,210,861
9	Credit and suretyship insurance	249,384	12,840	(95,504)	166,721
10	Legal expenses insurance	93,048	2,179	(55,954)	39,273
11	Assistance	82,609	3,225	(4)	85,830
12	Miscellaneous financial loss	34,857	2,322	(4,099)	33,080
	Line of business for: accepted non-proportional reinsurance	**437,145**	**35,144**	**(144)**	**472,145**
13	Non-proportional health reinsurance	2,354	305		2,660
14	Non-proportional casualty reinsurance	304,874	30,495	(136)	335,233
15	Non-proportional marine, aviation and transport reinsurance	1,436	41		1,477
16	Non-proportional property reinsurance	128,480	4,303	(7)	132,776
	Total	**11,626,424**	**369,018**	**(744,601)**	**11,250,841**

At 31 December 2023, there were no recoverable amounts from reinsurance from SPVs.

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

Non-Life technical provisions

Amounts in €k	Solvency II value	Statutory accounts value	Difference
Technical provisions - Non-life	11,995,442	14,482,404	(2,486,962)
Reinsurance recoverables from: Non-life and health similar to Non-life	(744,601)	(904,337)	159,736
Total	**11,250,841**	**13,578,067**	**(2,327,226)**

For further information on the existing differences between the technical provisions calculation methods for the non-life segment for the Solvency Capital Requirement and that recorded in the 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 €2,327m. Note, in this regard, that the Solvency II technical provisions value does not include equalisation provisions (€49.8m) and supplementary provisions (€411.7m) as these are considered to be of a precautionary/equalising nature.
Net of amounts in relation to these provisions, the difference totals €363m on the Premiums BE and €1,960m on the Claims BE. These effects are partly offset by the addition of the Risk Margin (€369.0m).

Life technical provisions

The MCBS recognition value of Life technical provisions corresponds to their fair value determined using the methods described above.
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	**31,494,522**	**271,225**	**(13,441)**	**31,752,305**
1	Health insurance				
2	Insurance with profit participation	24,476,137	192,348	(6,695)	24,661,790
3	Index-linked and unit-linked insurance	7,150,645	50,354		7,200,999
4	Other life insurance	(132,260)	28,524	(6,747)	(110,483)
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	**2,053**	**4**	**(1,220)**	**837**
	Total	**31,496,574**	**271,229**	**(14,661)**	**31,753,142**

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

Life technical provisions

Amounts in €k	Solvency II Value	Statutory Accounts Value	Difference
Technical provisions - Life (excluding Index-linked and unit-linked)	24,566,805	26,095,699	(1,528,895)
Technical provisions - Index-linked and unit-linked	7,200,999	7,374,355	(173,356)
Recoverables from reinsurance: Life and health similar to Life, excluding Health, Index-linked and unit-linked	(14,661)	(14,663)	2
Total	31,753,142	33,455,390	(1,702,248)

For further details on the existing differences between the technical provisions calculation methods for the Life segment for the Solvency Capital Requirement and that recorded in the financial statements, reference should be made to the comments in paragraph D.2.1 above.

For the traditional Life policies segment (excluding index-linked or unit-linked insurance policies), the main source of the difference is the financial impact summarised in: the level of reference rates vs. guaranteed rates, market volatility and the impact of estimated revaluation of benefits in excess of the guarantee. The remaining differences are largely attributable to:

- the adoption of best estimates 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 operating expense assumptions based on the Company's 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 Solvency II technical provisions not envisaged in financial statements provisions.

The linked policies segment (index-linked or unit-linked), for which provisions are consistent with covering assets are measured at market value in the financial statements, and express instead a figure for Solvency II technical provisions essentially in line with the financial statements provisions.

The Solvency II technical provisions relating to *Recoverables from reinsurance*, given the low degree of materiality of the total volume, as previously mentioned, were derived on the basis of the value determined for the financial statements, adjusted to take into account expected losses deriving from reinsurer default.

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 Company 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, minimum capital requirement, basic own funds and eligible own funds to cover the minimum capital requirement and Solvency Capital Requirement.

Volatility Adjustment

Amounts in €k	With VA (a)	Without VA (b)	Difference (b)-(a)
Technical provisions	43,763,245	44,049,206	285,961
Basic own funds	9,273,629	9,077,667	(195,962)
SCR	2,963,371	2,989,950	26,579
MCR	1,333,517	1,345,478	11,961
Eligible amount of own funds to meet SCR	9,273,629	9,077,667	(195,962)
Eligible amount of own funds to meet MCR	9,048,539	8,854,969	(193,570)
SCR coverage ratio	3.13	3.04	(0.09)
MCR coverage ratio	6.79	6.58	(0.20)

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 (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 financial statements are provided below.

Other liabilities

Amounts in €k	Solvency II value	Statutory accounts value	Difference
Provisions other than technical provisions	472,715	472,715	
Pension benefit obligations	47,886	26,616	21,270
Deposits received from reinsurers	129,365	129,365	
Derivatives	85,633	107,005	(21,372)
Financial liabilities other than debts owed to credit institutions	49,958		49,958
Insurance and intermediaries payables	98,774	98,651	123
Reinsurance payables	27,375	27,381	(6)
Payables (trade, not insurance)	54,094	54,094	
Subordinated liabilities	1,700,679	1,789,590	(88,911)
Any other liabilities, not elsewhere shown	1,071,315	1,086,835	(15,520)
Total	**3,737,794**	**3,792,252**	**(54,458)**

The differences recorded in the following items:

- liabilities accrued to employees as post-employment benefits (Pension benefit obligations);
- subordinated liabilities;
- other liabilities, "Any other liabilities, not elsewhere shown";
- liabilities to insurance companies and intermediaries (Insurance and intermediaries payables);
- derivatives;
- financial liabilities other than debts owed to credit institutions,

derive from the different methods used to quantify these liabilities between Italian GAAP and international accounting standards in application of IAS 19, IAS 37, IFRS 2, IFRS 4 and IFRS 16, which represent criteria consistent with those envisaged for preparation of the MCBS.

Total liabilities for defined benefit plans due to employees after termination of employment are €47,886k, of which €23,826k relating to post-employment benefits, €24,052k for obligations deriving from the post-retirement policy for managers and €8.4k as obligations deriving from the agents' welfare fund. 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 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.

Net interest is calculated by applying to the net value of liabilities for defined benefits existing at the start of the year the one-year interest rate taken from the yield curve used to discount the liability at the end of the previous year.

The decrease in liabilities (€21,372k) referring to derivative instruments recognised in the MCBS with respect to the financial statements was due to the different valuation criteria applicable to such accounting documents. In particular, in the MCBS all derivatives are measured at fair value in line with IAS/IFRS, while within the financial statements such instruments are subject to more detailed valuation criteria which also take into consideration any capital gains or losses on financial assets or liabilities connected to each derivative instrument.

As regards subordinated liabilities, as indicated previously, these were measured at fair value (without considering the post-issue change in credit rating) for MCBS purposes. Such liabilities were instead measured at nominal value, adjusted for the effects of issue expenses and discounts for preparation of the financial statements.

The difference relating to Financial liabilities other than debts owed to credit institutions is due to the application of IFRS 16, which calls for the use of the "financial method" for all lease agreements, with the exception of specific types of contracts (such as short term and low value contracts). This accounting method requires, when the lease agreement is entered into, the recognition by the lessee companies/users of a tangible asset ("right of use" connected with the leased assets) and a financial payable corresponding to the present value of the future payments to be made to the lessor.

With regard to other liabilities referred to as "Any other liabilities, not elsewhere shown" in the above table, the difference is mainly due to the different valuation of the liabilities for long-term incentives relating to the share-based incentive plans for managers which have a recognition value in the MCBS.

D.4 Alternative methods for valuation

Provided below is the breakdown by valuation method for assets and liabilities recognised in the MCBS, adopted to identify the portions of assets and liabilities for which alternative valuation methods were used, based on the premises stated in Art. 10 of the Regulation (absence of listed prices on active markets of assets and liabilities identical or similar to those under valuation), or other valuation methods defined in Articles 11 (contingent liabilities), 12 (intangible assets), 13 (participations), 14 (financial liabilities) and 15 (deferred taxes) and in CHAPTER III (technical provisions) of the Regulation.

Amounts in €k	Total	Of which valued upon active markets quotations for the same assets and liabilities or for similar ones	Of which valued upon other valuation methods as set out in the Regulation	Of which valued upon alternative methods for valuation
Assets				
Goodwill				
Deferred acquisition costs				
Intangible assets				
Deferred tax assets				
Pension benefit surplus				
Property, plant & equipment held for own use	735,365			735,365
Investments (other than assets held for index-linked and unit-linked contracts)	39,821,239	30,459,730	4,905,032	4,456,477
Property (other than for own use)	746,102			746,102
Holdings in related undertakings, including participations	4,905,032		4,905,032	
Equities	2,118,195	1,939,998		178,197
Equities - listed	1,849,500	1,849,500		
Equities - unlisted	268,695	90,498		178,197
Bonds	28,538,528	27,959,505		579,023
Government Bonds	17,803,138	17,477,573		325,565
Corporate Bonds	10,485,424	10,232,931		252,493
Structured notes	249,966	249,001		965
Collateralised securities				
Collective Investments Undertakings	3,441,129	516,418		2,924,711
Derivatives	62,889	43,809		19,080
Deposits other than cash equivalents	9,364			9,364
Other investments				
Assets held for index-linked and unit-linked contracts	7,361,482	7,236,195		125,287
Loans and mortgages	1,327,958			1,327,958
Loans on policies				
Loans and mortgages to individuals	469,599			469,599
Other loans and mortgages	858,360			858,360
Reinsurance recoverables from:	759,262		759,262	
Non-life and health similar to non-life	744,601		744,601	
Non-life excluding health	739,782		739,782	
Health similar to non-life	4,819		4,819	
Life and health similar to life, excluding health, index-linked and unit-linked	14,661		14,661	
Health similar to life				
Life, excluding health, index-linked and unit-linked	14,661		14,661	
Life index-linked and unit-linked				
Deposits to cedants	378,167			378,167
Insurance and intermediaries receivables	1,305,648			1,305,648
Reinsurance receivables	81,332			81,332
Receivables (trade, not insurance)	113,073			113,073
Own shares (held directly)	2,142	2,142		
Amounts due in respect of own fund items or initial fund called up but not yet paid in				
Cash and cash equivalents	537,363	537,363		
Any other assets, not elsewhere shown	3,690,068			3,690,068
Total	56,113,099	38,235,430	5,664,294	12,213,375

Amounts in €k	Total	Of which valued upon active markets quotations for the same assets and liabilities or for similar ones	Of which valued upon other valuation methods as set out in the Regulation	Of which valued upon alternative methods for valuation
Liabilities				
Technical provisions – non-life	11,995,442		11,995,442	
Technical provisions – non-life (excluding health)	11,197,985		11,197,985	
Technical provisions calculated as a whole				
Best Estimate	10,860,617		10,860,617	
Risk margin	337,369		337,369	
Technical provisions - health (similar to non-life)	797,456		797,456	
Technical provisions calculated as a whole				
Best Estimate	765,808		765,808	
Risk margin	31,649		31,649	
Technical provisions - life (excluding index-linked and unit-linked insurance contracts)	24,566,805		24,566,805	
Technical provisions - health (similar to life)				
Technical provisions calculated as a whole				
Best Estimate				
Risk margin				
Technical provisions – life (excluding health and index-linked and unit-linked insurance contracts)	24,566,805		24,566,805	
Technical provisions calculated as a whole				
Best Estimate	24,345,929		24,345,929	
Risk margin	220,875		220,875	
Technical provisions – index-linked and unit-linked	7,200,999		7,200,999	
Technical provisions calculated as a whole				
Best Estimate	7,150,645		7,150,645	
Risk margin	50,354		50,354	
Other technical provisions				
Contingent liabilities				
Provisions other than technical provisions	472,715			472,715
Pension benefit obligations	47,886			47,886
Deposits from reinsurers	129,365		129,365	
Deferred tax liabilities	569,907		569,907	
Derivatives	85,633	80,279		5,355
Debts owed to credit institutions				
Financial liabilities other than debts owed to credit institutions	49,958		49,958	
Insurance and intermediaries payables	98,774		98,774	
Reinsurance payables	27,375		27,375	
Payables (trade, not insurance)	54,094		54,094	
Subordinated liabilities	1,700,679		1,700,679	
Subordinated liabilities not included in Basic Own Funds				
Subordinated liabilities included in Basic Own Funds	1,700,679		1,700,679	
Any other liabilities, not elsewhere shown	1,071,315			1,071,315
Total	**48,070,947**	**80,279**	**46,393,397**	**1,597,271**

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.

E

CAPITAL MANAGEMENT

E.1 Own funds

E.1.1 Introduction

Own funds (hereinafter also "OF") represent the financial resources steadily acquired by the company and available to absorb losses and to overcome risks generated by business activities on a going concern basis.

The calculation process for own funds eligible to cover capital requirements (SCR and MCR) envisages, firstly, the determination of available own funds. The latter are then restated in accordance with the eligibility criteria envisaged in the Regulation in order to establish the eligible own funds.

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 represents the total excess of assets over liabilities, less the value of:

- own shares of the 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 or any assets not considered eligible for SCR cover based on specific Supervisory Authority instructions.

The ancillary OF, of which the Company had none at 31 December 2023, 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 Company.

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.

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:

- 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.

In the event of a change to the presentation criteria compared to those adopted in the previous year, any comparative data are re-stated and reclassified in the disclosure in Chapter E in order to provide homogeneous and consistent information.

E.1.2 Capital management policy

The Company's capital management strategies and objectives 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:

- define in advance the return objectives on allocated capital, consistent with the profitability objectives and in line with the risk appetite;
- maintaining 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 undeniable;
- 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 such as:

- final measurement of available capital and the capital required;
- preparation of the mid-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 at 31 December 2023 for the Company's available and eligible own funds, divided into Tiers, with a demonstration of the changes occurring between 31 December 2022 and 31 December 2023.

Amounts in €k	31/12/2022	Issued	Redeemed	Movements in valuation	Regulatory action	31/12/2023
Total available own funds to meet the SCR	8,771,889		(548,358)	1,050,098		9,273,629
of which tier 1 unrestricted	*7,046,235*		*(466,726)*	*993,440*		*7,572,950*
of which tier 1 restricted	*1,255,160*		*(81,632)*	*35,358*		*1,208,886*
of which tier 2	*470,493*			*21,300*		*491,793*
of which tier 3						
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	8,771,889		(548,358)	1,050,098		9,273,629
of which tier 1 unrestricted	*7,046,235*		*(466,726)*	*993,440*		*7,572,950*
of which tier 1 restricted	*1,255,160*		*(81,632)*	*35,358*		*1,208,886*
of which tier 2	*470,493*			*21,300*		*491,793*
of which tier 3						

Taking into account that the Company 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	31/12/2022	Issued	Redeemed	Movements in valuation	Regulatory action	31/12/2023
Paid-in ordinary share capital	2,031,456					2,031,456
Share premium account related to ordinary share capital	407,256					407,256
Reconciliation reserve	4,609,816		(466,726)	991,189		5,134,279
Own funds in the MCBS that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	(2,292)			2,251		(41)
Total "Tier 1 unrestricted"	**7,046,235**		**(466,726)**	**993,440**		**7,572,950**
Called up but unpaid ordinary share capital						
Subordinated liabilities	1,255,160		(81,632)	35,358		1,208,886
Total "Tier 1 restricted"	**1,255,160**		**(81,632)**	**35,358**		**1,208,886**
Subordinated liabilities	470,493			21,300		491,793
Total "Tier 2"	**470,493**			**21,300**		**491,793**
Subordinated liabilities						
Net deferred tax assets						
Total "Tier 3"						
Total basic own funds	**8,771,889**		**(548,358)**	**1,050,098**		**9,273,629**

On the whole, an increase in basic own funds of €501,740k was recorded, attributable primarily to:

- the increase in the reconciliation reserve for €526,715k, net of the amount of expected dividends for 2023;
- the reduction in subordinated liabilities for a total of €24,974k (of which a decrease of €46,274k of the Tier 1 restricted type and an increase of €21,300k of the Tier 2 type), due largely to the change in the market value of subordinated loans and partly to the repayments 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.

The item "Own funds in the MCBS which are not represented by the reconciliation reserve and which do not meet criteria to be classified as own funds for Solvency II purposes" (a negative €41k at 31/12/2023, down compared to the previous year) includes assets present in the MCBS but which, in application of regulatory provisions, were not considered for the coverage of the Solvency Capital Requirement.

Composition and characteristics of the Company's own funds

The share capital and share premium reserve correspond to the amounts paid in by the Company's shareholders. Based on their level of stability and their loss-absorbing 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 Company'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	2023	2022
Excess of assets over liabilities from MCBS (A)	8,042,152	7,503,757
Own shares (held directly and indirectly) (B)	2,435	2,659
Foreseeable dividends, distributions and charges (C)	466,726	452,570
Other basic own fund items (D)	2,438,712	2,438,712
Reconciliation reserve (A-B-C-D)	5,134,279	4,609,816

To determine the reconciliation reserve, the following 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", for €2,438,712k, unchanged compared to 2022, included exclusively the elements classified as Tier 1 unrestricted, corresponding to the amount of the share capital paid in and the share premium reserve;
- the total of own shares held directly and indirectly by the Company totalling €2,435k (€2,659k at 31/12/2022);
- the total of foreseeable dividends, distributions and charges (€466,726k, compared to €452,570k at 31/12/2022).

At 31 December 2023, no further deductions are applicable, other than those indicated in the table, to be applied to basic own funds against significant restrictions affecting the availability and transferability of own funds within the Company.

Included in the available Tier 1 restricted own funds are the subordinated liabilities detailed in the table below, totalling €1,208,886k. Please note that the subordinated liabilities recognised on the basis of the transitional provisions set forth in Art. 308-ter of the Directive amounted to €765,187k (Hybrid 5.75% UNIPOLSAI PERP. 750M).

Subordinated liabilities - Tier 1

Amounts in €k	Issue date	Maturity date	Next call date	Further call dates	Nominal	SII Value (accrued interests included)
Hybrid 5,75% UNIPOLSAI PERP. 750M	18.06.2014	undated	18.06.2024	Every 3 months	750,000	765,187
RT1 6,375% UNIPOLSAI PERP. C	27.10.2020	undated	27.04.2030	Every 6 months	500,000	443,699
Total					1,250,000	1,208,886

The fifth and last tranche was repaid in July 2023, for an amount of €80,000k plus interest, of the Tier 1 restricted Subordinated TV UNIPOLSAI 2023 400M subordinated loan for an original €400m, expiring on 24 July 2023, in implementation of the repayment plan authorised by IVASS.

The Company's Tier 2 available own funds amounted to €491,793k 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	SII Value (accrued interests included)
Subordinated 3,875% UNIPOLSAI 2028 500M	01.03.2018	01.03.2028	-	-	500,000	491,793
Total					**500,000**	**491,793**

At 31 December 2023, no Tier 3 category own funds are present. With reference to deferred taxes, it should be noted that, at 31 December 2023, there are no net tax assets classifiable as Tier 3 category own funds pursuant to Art. 76 of the Regulation, as the deferred tax liabilities are higher than the deferred tax assets.

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 provisions of Art. 82 of the Regulation to the available own funds.

The following table illustrates the structure and amount of OF to meet SCR and MCR, determined for 2023, in comparison with the same data for the year ended at 31 December 2022.

Available and eligible own funds to meet the SCR

Amounts in €k	Available own funds	Adjustments for eligibility	Eligible own funds 2023	Eligible own funds 2022
Tier 1 unrestricted	7,572,950		7,572,950	7,046,235
Tier 1 restricted	1,208,886		1,208,886	1,255,160
Tier 2	491,793		491,793	470,493
Tier 3				
Total OF	**9,273,629**		**9,273,629**	**8,771,889**
Total SCR			**2,963,371**	**3,049,752**
Surplus/(shortage)			**6,310,258**	**5,722,137**

Available and eligible own funds to meet the MCR

Amounts in €k	Available own funds	Adjustments for eligibility	Eligible own funds 2023	Eligible own funds 2022
Tier 1 unrestricted	7,572,950		7,572,950	7,046,235
Tier 1 restricted	1,208,886		1,208,886	1,255,160
Tier 2	491,793	(225,090)	266,703	274,478
Total OF	**9,273,629**	**(225,090)**	**9,048,539**	**8,575,873**
Total MCR			**1,333,517**	**1,372,388**
Surplus/(shortage)			**7,715,022**	**7,203,485**

As shown in the table, own funds available at 31 December 2023 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.

Reconciliation with shareholders' equity from the financial statements

The MCBS at 31 December 2023 shows that assets exceed liabilities by €8,042,152k (€7,503,757k at 31/12/2022), €1,700,931k higher than the shareholders' equity recorded in the Company's financial statements at the same date (the "Financial Statements"). This difference is due to the different valuation of shareholders' equity components, as seen in the following statement of reconciliation:

Statement of reconciliation between Financial Statements and MCBS Shareholders' equity

Amounts in €k		2023	2022
A	**Shareholders' equity (Financial Statements)***	**6,341,221**	**6,169,476**
1	Intangible assets	(746,938)	(733,403)
2	Properties and tangible assets for investment and for own use	261,474	216,197
3	Other financial investments	(873,001)	(2,851,506)
4	Non-life technical provisions	2,486,962	2,769,105
5	Non-life reinsurance recoverables	(159,736)	(143,378)
6	Life technical provisions	1,702,250	2,824,079
7	Life reinsurance recoverables	(2)	(519)
8	Financial Liabilities	38,953	101,107
9	Other assets	(77)	(1,150)
11	Other liabilities	(5,867)	(28,238)
12	Deferred taxes	(1,003,087)	(818,013)
	Total adjustments	**1,700,931**	**1,334,281**
B	**Shareholders' equity (MCBS)**	**8,042,152**	**7,503,757**

* Note that the difference with respect to the total shareholders' equity in Balance Sheet Liabilities item 110 in the Company's financial statements (equal to €6.338.992k at 31/12/2023) is due to the recognition in that accounting document of own shares (amounting to €2.229k) as an adjustment to shareholders' equity.

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.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

As already mentioned, the Company calculates the Solvency Capital Requirement on the basis of the Partial Internal Model, without adopting the simplified calculations permitted by regulations. 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 2023 was 20 basis points.

The Solvency Capital Requirement (SCR) total for the Company at the end of the reference period was €2,963,371k, down by €86,381k compared to the SCR relating to 31 December 2022. The change in the SCR between the two analysis periods is mainly due to the reduction in the value of i) Non-Life and Health Underwriting Risks and ii) Market Risks. These changes are partially offset by the increase in value of i) Life Underwriting Risks, ii) Credit Risk and iii) Operational Risks. For more details on the causes of this variation, please refer to chapter C.
It should be noted that the conservative margin applied to the 2023 data considers i) the component relating to Dynamic Policyholder behaviour (€35,383k) and ii) the component relating to NatCat risk (€32,102k).

The total MCR at the end of the reference period was €1,333,517k. As represented in the attached QRT S.28.02.01[25], the MCR is calculated on the basis of the $MCR_{combined}$, the value of which is higher than that of the Absolute Minimum Capital Requirement (AMCR). The $MCR_{combined}$ is represented by the value of the MCR cap, as it is lower than that of the Linear MCR.

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 2022:

SCR - Partial Internal Model

Amounts in €k

Risk Modules	2023	2022	Change on 2022
Non-life and health underwriting risk	1,822,740	2,100,450	(277,710)
Life underwriting risk	418,624	328,827	89,796
Market risks	2,570,912	2,699,931	(129,019)
Credit risk	649,241	383,015	266,226
Diversification	*(1,837,036)*	*(1,610,172)*	*(226,864)*
Basic Solvency Capital Requirement (BSCR)	3,624,481	3,902,053	(277,572)
Operational risks	460,242	404,801	55,442
Adjustment for loss-absorbing capacity of technical provisions (ALAC TP)	(351,834)	(452,736)	100,901
Adjustment for loss-absorbing capacity of Deferred Taxes (ALAC DT)	(837,003)	(864,413)	27,410
Conservative margin	67,484	60,047[26]	7,437
Solvency Capital Requirement (SCR)	2,963,371	3,049,752	(86,381)

The total amount recognised with reference to the ALAC DT was deemed eligible, for €440,380k, against offsetting deriving from the expected reversal of IRES deferred tax liabilities recognised in the MCBS, and for €396,623k, in relation to offsetting deriving from likely future tax bases determined within a stress scenario consistent with the methods for calculating the BSCR, operational risks and the ALAC TP ("post shock" scenario).

To assess recoverability, it was conventionally assumed that the BSCR Shock would translate into an instantaneous loss recognised in the income statement of the Company, with tax recoverability from the start of the year subsequent to the reference year for the calculation of the BSCR Shock.

Specifically, the post shock economic and financial projections take the following assumptions into account:

- initial reduction in technical profitability of the non-life business, due to the occurrence of the adverse scenario relating to premium and reserve risk, with a subsequent realignment with pre shock technical profitability;
- systematic reduction of life business technical profitability due to the reduction in the volume of premiums;
- depreciation of the portfolio of financial assets and real estate assets, with a gradual recovery in years subsequent to the shock of the impairment value only for the market risk component associated with Spread, Equity and Property SCR losses, assumed to be "recoverable over time". On the other hand, the losses associated with the Interest Rate, Currency and Concentration SCRs were considered to be "not recoverable over time".

The post shock tax bases were estimated on the basis of the application of tax regulations in force, also taking into account the conditions for the calculation of tax losses established by Art. 84 of the TUIR.

[25] Column C0130, rows from R0300 to R0350 and R0400.
[26] It should be noted that for the 2022 data, the Conservative Margin is divided into the Conservative Margin relating to the spread model (€59,000k) and the Model Adjustment relating to the surrender risk (€1,047k).

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

The Company 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

The Company calculates the Solvency Capital Requirement using a Partial Internal Model (PIM), as per the authorisation of the Supervisory Authority, in order to more adequately assess the real risk profile of the enterprise with respect to the standard formula.

To provide a more complete representation of the risk profile, the Company 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 Company also considers the risks relating to the volatility of share prices and interest rates.

Within the Partial Internal Model the Company also assesses the following risks using the Market Wide Standard Formula:

- Market Concentration risk;
- the Credit risk exposure to residual counterparties for which no information has at present been obtained for PIM modelling;
- 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 Company'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 Company'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 Company.

The Solvency Capital Requirement is obtained by adding the components relating to operational risk, risk associated with ring fenced funds and those relating to adjustments for loss-absorbing capacity of technical provisions and deferred tax assets and liabilities to the BSCR.

The reasons for which it is considered that the PIM offers a more suitable representation of the Company's risk profile than the Standard Formula are provided below.

<u>Life underwriting risk</u>
The Internal Model measures Life business underwriting risk more accurately than the Standard Formula, as:

- it makes it possible to determine the maximum loss on the basis of scenarios calibrated on the specific portfolio of the Company, through a precise analysis of the performance of the Life Underwriting Risk factors. In particular, while the valuation approach defined by the SF is scenario-based, with pre-established scenarios calibrated on the European market situation, the Internal Model estimates the maximum loss to which the Company is exposed based on the variability of its specific risk factors;
- it uses more granular and specific actuarial scenarios, defined on the basis of the risk characteristics of the Company's policy portfolio. Specifically, unlike the SF, in which scenarios for the individual Life Underwriting Risk factors are unambiguous for all product classes, in the Internal Model the scenarios that determine the Group's maximum loss are differentiated on the basis of standardised product classes;
- allows for a periodic update of scenarios relating to each risk factor. In fact, the Internal Model scenarios that result in the maximum loss are updated on a quarterly basis;
- 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 Function valuations.

<u>Market risks</u>
The Internal Model measures the market risks of the Company'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 Company;
- 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 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.

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 Company'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 Company's exposure: exposure to banks, insurance companies, co-insurers, reinsurers, insurance intermediaries (agencies and brokers), policyholders and other receivables.

Non-Life Internal Model

The Non-Life Internal Model measures the Company's risk profile more accurately than the Standard Formula, with regard to:

- level of granularity: with particular reference to premium risk, it should be noted that the level of granularity used by the Standard Formula, focusing on the Lines of Business (LoB), is not adequate to represent the different risk profiles present within certain LoBs, such as Property & Third Part Liability. The Internal Model, on the other hand, employs a level of granularity based on a segmentation that takes into account business use requirements and risk standardisation criteria. In particular, the classification adopted by the Internal Model is consistent with the Homogeneous Risk Groups (HRG) identified as part of the project for the implementation of IFRS 17;
- possibility of explicitly modelling reinsurance: particularly with reference to premium and reserve risks, the Standard Formula highlighted significant distortions in the assessment of the risk mitigation effects deriving from non-proportional treaties, such as Stop Loss, Excess of Loss per risk and Adverse Development Cover. These distortions led to clear limitations in the definition of reinsurance strategies, in a market context (reinsurance, ILS) characterised by the presence of instruments that are constantly evolving. Otherwise, the architecture of the Non-Life Internal Model is defined in such a way as to guarantee precise modelling of all of the main types of risk transfer instruments;
- business use: the valuation limits of the Standard Formula, mentioned above, have also entailed limitations in use in support of business processes, such as product risk-adjusted pricing which, in the process of determining the premium, provides the possibility of taking into consideration the relative cost of capital. In this regard, it is believed that transitioning to the Internal Model may favour the use of risk-adjusted metrics in business processes.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

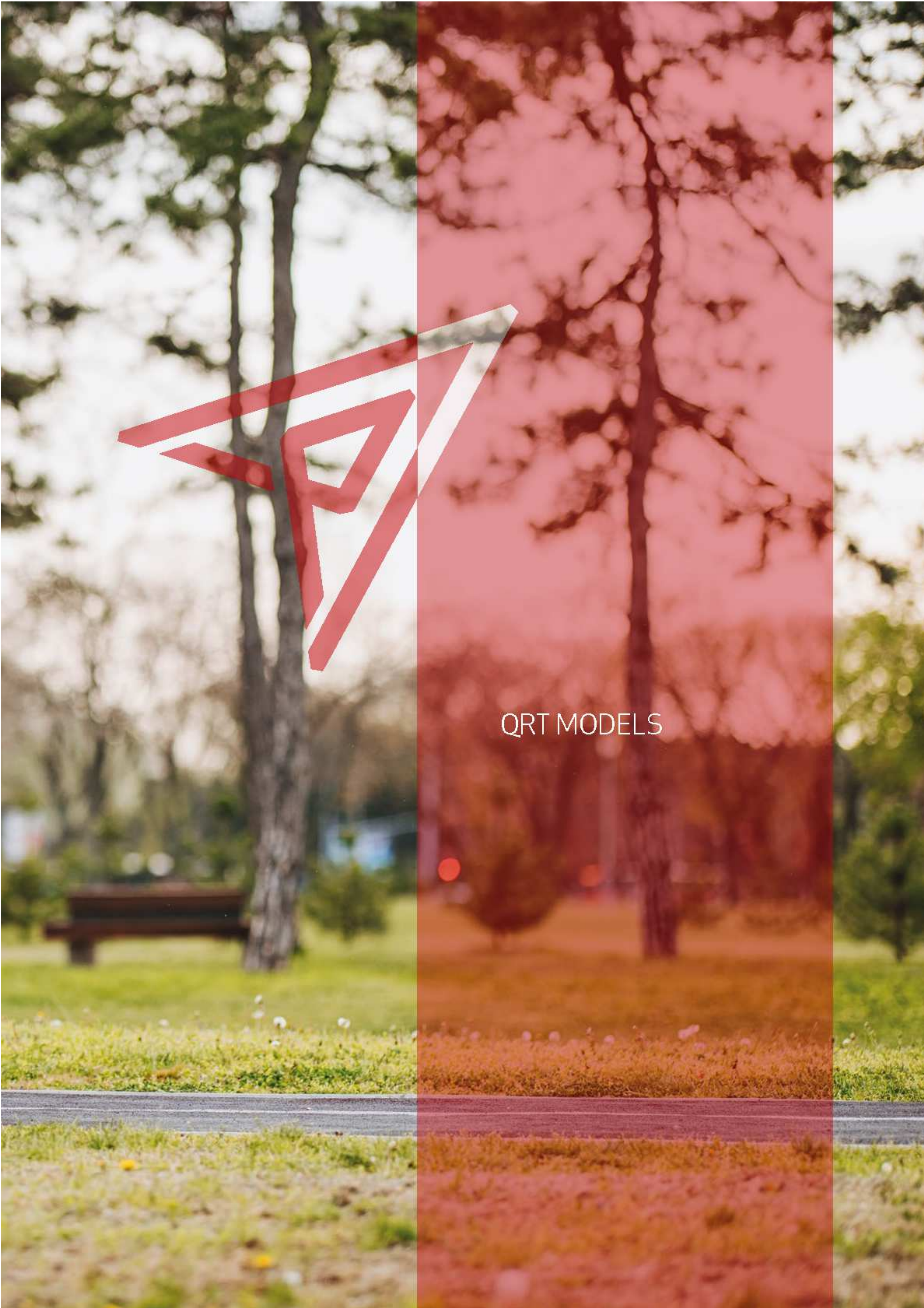
At no time, during the year, did the Company fail to meet the Solvency Capital Requirement or Minimum Capital Requirement.

E.6 Any other information

There is no significant additional information to report on the company’s capital management.

Bologna, 21 March 2024

The Board of Directors


QRT MODELS

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Balance sheet

		Solvency II
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	735.365
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	39.821.239
Property (other than for own use)	R0080	746.102
Holdings in related undertakings, including participations	R0090	4.905.032
Equities	R0100	2.118.195
Equities - listed	R0110	1.849.500
Equities - unlisted	R0120	268.695
Bonds	R0130	28.538.528
Government Bonds	R0140	17.803.138
Corporate Bonds	R0150	10.485.424
Structured notes	R0160	249.966
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	3.441.129
Derivatives	R0190	62.889
Deposits other than cash equivalents	R0200	9.364
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	7.361.482
Loans and mortgages	R0230	1.327.958
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	469.599
Other loans and mortgages	R0260	858.360
Reinsurance recoverables from:	R0270	759.262
Non-life and health similar to non-life	R0280	744.601
Non-life excluding health	R0290	739.782
Health similar to non-life	R0300	4.819
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	14.661
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	14.661
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	378.167
Insurance and intermediaries receivables	R0360	1.305.648
Reinsurance receivables	R0370	81.332
Receivables (trade, not insurance)	R0380	113.073
Own shares (held directly)	R0390	2.142
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	537.363
Any other assets, not elsewhere shown	R0420	3.690.068
Total assets	R0500	56.113.099

Liabilities

		Solvency II
Technical provisions – non-life	R0510	11,995,442
Technical provisions – non-life (excluding health)	R0520	11,197,985
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	10,860,617
Risk margin	R0550	337,369
Technical provisions - health (similar to non-life)	R0560	797,456
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	765,808
Risk margin	R0590	31,649
Technical provisions - life (excluding index-linked and unit-linked)	R0600	24,566,805
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	24,566,805
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	24,345,929
Risk margin	R0680	220,875
Technical provisions – index-linked and unit-linked	R0690	7,200,999
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	7,150,645
Risk margin	R0720	50,354
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	472,715
Pension benefit obligations	R0760	47,886
Deposits from reinsurers	R0770	129,365
Deferred tax liabilities	R0780	569,907
Derivatives	R0790	85,633
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	49,958
Insurance & intermediaries payables	R0820	98,774
Reinsurance payables	R0830	27,375
Payables (trade, not insurance)	R0840	54,094
Subordinated liabilities	R0850	1,700,679
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	1,700,679
Any other liabilities, not elsewhere shown	R0880	1,071,315
Total liabilities	R0900	48,070,947
Excess of assets over liabilities	R1000	8,042,152

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**	201.352	534.376		2.801.128	891.311	38.561	1.282.103	780.020	56.265	80.884	211.128	74.534					6.951.661
Gross - Proportional reinsurance accepted	**R0120**	370.811	29.056		49.165	1.467	366	18.221	4.305	1.303	177	9.081	59					484.011
Gross - Non-proportional reinsurance accepted	**R0130**													228	2.897	117	871	3.996
Reinsurers' share	**R0140**	1.008	6.998		28.046	3.961	15.711	99.237	21.279	31.592	62.881		8.652	9	719	20	491	280.586
Net	**R0200**	571.156	556.433		2.822.246	888.816	23.217	1.201.086	763.046	25.976	18.180	220.208	65.940	219	2.178	97	379	7.159.081
Premiums earned																		
Gross - Direct Business	**R0210**	235.970	540.561		2.817.191	873.440	38.005	1.261.499	779.872	56.815	83.518	218.305	75.135					6.980.310
Gross - Proportional reinsurance accepted	**R0220**	335.775	27.969		34.889	1.276	226	16.738	4.234	1.313	175	8.994	60					431.649
Gross - Non-proportional reinsurance accepted	**R0230**													209	2.897	117	871	3.977
Reinsurers' share	**R0240**	1.008	7.002		26.480	3.961	15.603	97.073	21.891	31.114	64.764		8.811	9	719	20	491	278.927
Net	**R0300**	570.738	561.528		2.825.600	870.755	22.628	1.181.164	762.215	27.013	18.928	227.299	66.384	200	2.178	97	379	7.137.010
Claims incurred																		
Gross - Direct Business	**R0310**	111.924	278.505		1.721.249	668.049	19.928	1.656.604	170.538	(8.683)	15.018	75.601	11.686					4.720.420
Gross - Proportional reinsurance accepted	**R0320**	238.017	10.826		24.871	1.419	115	24.718	1.488	487	19	2.577	9					304.546
Gross - Non-proportional reinsurance accepted	**R0330**													684	926		3.008	4.618
Reinsurers' share	**R0340**	(116)	1.934		7.895	13.076	10.943	531.567	2.756	(8.247)	13.457		2.497		(13)			575.748
Net	**R0400**	350.057	287.397		1.738.225	656.392	9.100	1.149.755	169.271	52	1.580	78.178	9.198	684	939		3.008	4.453.836
Expenses incurred	**R0550**	185.072	240.303		938.446	313.400	17.409	554.630	288.880	20.222	(15.724)	120.914	26.637					2.690.189
Balance - other technical expenses/income	**R1200**																	70.865
Total expenses	**R1300**																	2.761.054

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		1.748.434	1.936.753	125.680				158	3.811.025
Reinsurers' share	R1420		273		7.909				8	8.191
Net	R1500		1.748.161	1.936.753	117.771				150	3.802.835
Premiums earned										
Gross	R1510		1.754.791	1.936.753	121.549				158	3.813.251
Reinsurers' share	R1520		273		7.909				8	8.191
Net	R1600		1.754.518	1.936.753	113.639				150	3.805.060
Claims incurred										
Gross	R1610		2.452.436	699.479	29.881				(65)	3.181.731
Reinsurers' share	R1620		1.871		1.523				(93)	3.301
Net	R1700		2.450.565	699.479	28.358				28	3.178.430
Expenses incurred	R1900		164.467	32.672	51.406				53	248.598
Balance - other technical expenses/income	R2500									(42.421)
Total expenses	R2600									206.177

S.12.01.02

Life and Health SL T Technical Provisions

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010																
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0020																
Technical provisions calculated as a sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	R0030	24,476,137		1,145,563	6,005,082		(132,260)			2,053	31,496,574						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	6,695					6,747			1,220	14,661						
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	24,469,442		1,145,563	6,005,082		(139,007)			833	31,481,913						
Risk Margin	R0100	192,348	50,354			28,524				4	271,229						
Technical provisions - total	R0200	24,668,484	7,200,999			(103,736)				2,057	31,767,803						

S.17.01.02

Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050																	
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	R0060	68,547	155,109		894,266	361,084	10,229	543,827	160,866	42,649	7,342	44,800	17,767	()	16,142		20	2,322,649
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	6	69		2,017		2,020	23,045	1,420	13,706			566		()			42,850
Net Best Estimate of Premium Provisions	R0150	68,540	155,041		892,249	361,084	8,209	520,782	159,446	28,942	7,342	44,800	17,201	()	16,142		20	2,279,799
Claims provisions																		
Gross	R0160	218,296	321,501		3,913,326	309,419	47,838	1,742,155	1,982,918	206,735	85,706	37,809	17,090	2,355	288,732	1,436	128,459	9,303,775
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	262	4,482		29,022	15,366	16,841	473,670	20,675	81,797	55,954	4	3,533		136		7	701,751
Net Best Estimate of Claims Provisions	R0250	218,033	317,019		3,884,303	294,053	30,998	1,268,485	1,962,242	124,938	29,752	37,805	13,557	2,355	288,596	1,436	128,452	8,602,024
Total Best estimate - gross	R0260	286,842	476,611		4,807,592	670,503	58,067	2,285,982	2,143,784	249,384	93,048	82,609	34,857	2,354	304,874	1,436	128,480	11,626,424
Total Best estimate - net	R0270	286,574	472,060		4,776,553	655,136	39,206	1,789,267	2,121,689	153,881	37,094	82,605	30,758	2,354	304,738	1,436	128,472	10,881,823
Risk margin	R0280	8,849	22,494		105,245	18,427	2,155	66,964	89,172	12,840	2,179	3,225	2,322	305	30,495	41	4,303	369,018
Technical provisions - total	R0320	295,692	499,105		4,912,837	688,930	60,222	2,352,946	2,232,956	262,225	95,227	85,835	37,179	2,660	335,369	1,477	132,783	11,995,442
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	269	4,551		31,039	15,366	18,861	496,715	22,095	95,504	55,954	4	4,099		136		7	744,601
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	295,423	494,554		4,881,798	673,563	41,361	1,856,231	2,210,861	166,721	39,273	85,830	33,080	2,660	335,233	1,477	132,776	11,250,841

S.19.01.21

Non-life Insurance Claims

Accident year / Underwriting year	Z0020	Accident year [AY]

Gross Claims Paid (non-cumulative)

(absolute amount)

		Development year										
Year		0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											79,440
N-9	R0160	1,674,713	1,220,103	500,001	216,481	126,979	81,324	54,166	34,762	17,615	15,594	
N-8	R0170	1,431,718	1,234,438	411,441	184,296	102,446	62,592	43,724	26,896	19,570		
N-7	R0180	1,629,827	1,267,339	449,247	207,378	95,920	58,576	45,201	25,525			
N-6	R0190	1,757,094	1,322,542	432,956	186,035	93,892	58,005	34,967				
N-5	R0200	1,732,202	1,341,943	432,691	188,545	85,769	65,335					
N-4	R0210	1,821,755	1,360,070	405,726	164,514	92,067						
N-3	R0220	1,499,899	1,097,143	305,521	116,350							
N-2	R0230	1,612,572	1,218,887	363,899								
N-1	R0240	1,741,772	1,280,207									
N	R0250	2,019,944										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	79,440	79,440
	R0160	15,594	3,941,738
	R0170	19,570	3,517,119
	R0180	25,525	3,779,013
	R0190	34,967	3,885,492
	R0200	65,335	3,846,484
	R0210	92,067	3,844,132
	R0220	116,350	3,018,912
	R0230	363,899	3,195,358
	R0240	1,280,207	3,021,978
	R0250	2,019,944	2,019,944
Total	R0260	4,112,898	34,149,610

Gross undiscounted Best Estimate Claims Provisions

(absolute amount)

Year		Development year 0	1	2	3	4	5	6	7	8	9	10 &+
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											1,292,667
N-9	R0160			1,058,879	735,390	532,943	439,426	266,906	184,916	160,043	126,475	
N-8	R0170		1,350,710	855,608	615,131	435,028	281,645	198,173	160,485	117,410		
N-7	R0180	2,618,167	1,343,054	865,615	559,344	377,190	273,470	225,805	168,077			
N-6	R0190	2,558,182	1,359,382	742,214	502,657	362,276	285,011	201,579				
N-5	R0200	2,539,679	1,206,672	725,753	478,055	377,901	262,965					
N-4	R0210	2,474,890	1,210,066	679,289	486,947	326,582						
N-3	R0220	2,242,867	1,027,391	662,595	455,104							
N-2	R0230	2,452,448	1,074,725	646,813								
N-1	R0240	2,696,613	1,209,770									
N	R0250	3,542,803										

		Year end (discounted data)
		C0360
	R0100	1,216,020
	R0160	116,409
	R0170	107,030
	R0180	152,619
	R0190	183,433
	R0200	240,052
	R0210	298,987
	R0220	416,079
	R0230	597,596
	R0240	1,133,108
	R0250	3,386,539
Total	R0260	7,847,871

S.22.01.21
Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	43,763,245			285,961	
Basic own funds	R0020	9,273,629			(195,962)	
Eligible own funds to meet Solvency Capital Requirement	R0050	9,273,629			(195,962)	
Solvency Capital Requirement	R0090	2,963,371			26,579	
Eligible own funds to meet Minimum Capital Requirement	R0100	9,048,539			(193,570)	
Minimum Capital Requirement	R0110	1,333,517			11,961	

S.23.01.01

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35						
Ordinary share capital (gross of own shares)	R0010	2,031,456	2,031,456			
Share premium account related to ordinary share capital	R0030	407,256	407,256			
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	5,134,279	5,134,279			
Subordinated liabilities	R0140	1,700,679		1,208,886	491,793	
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	41				
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	9,273,629	7,572,950	1,208,886	491,793	
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					

Available and eligible own funds						
Total available own funds to meet the SCR	R0500	9,273,629	7,572,950	1,208,886	491,793	
Total available own funds to meet the MCR	R0510	9,273,629	7,572,950	1,208,886	491,793	
Total eligible own funds to meet the SCR	R0540	9,273,629	7,572,950	1,208,886	491,793	
Total eligible own funds to meet the MCR	R0550	9,048,539	7,572,950	1,208,886	266,703	
SCR	R0580	2,963,371				
MCR	R0600	1,333,517				
Ratio of Eligible own funds to SCR	R0620	3.1294				
Ratio of Eligible own funds to MCR	R0640	6.7855				

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	8,042,152	
Own shares (held directly and indirectly)	R0710	2,435	
Foreseeable dividends, distributions and charges	R0720	466,726	
Other basic own fund items	R0730	2,438,712	
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740		
Reconciliation reserve	R0760	5,134,279	
Expected profits			
Expected profits included in future premiums (EPIFP) - Life business	R0770	520,443	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	105,709	
Total Expected profits included in future premiums (EPIFP)	R0790	626,152	

S.25.05.21
Solvency Capital Requirement - for undertakings using an internal model (partial or full)

		Solvency Capital Requirement	Amount modelled	USP	Simplifications
Risk type		C0010	C0070	C0090	C0120
Total diversification	R0020	(4.889.481)			
Total diversified risk before tax	R0030	4.141.247			
Total diversified risk after tax	R0040	810.985			
Total market & credit risk	R0070	3.799.200	3.700.188		
Market & Credit risk - diversified	R0080	2.525.627			
Credit event risk not covered in market & credit risk	R0190	649.241	596.872		
Credit event risk not covered in market & credit risk - diversified	R0200	649.241			
Total Business risk	R0270				
Total Business risk - diversified	R0280				
Total Net Non-life underwriting risk	R0310	3.488.876	1.822.740		
Total Net Non-life underwriting risk - diversified	R0320	1.822.740			
Total Life & Health underwriting risk	R0400	565.685	403.724		
Total Life & Health underwriting risk - diversified	R0410	418.624			
Total Operational risk	R0510	460.242			
Total Operational risk - diversified	R0520	460.242			
Other risk	R0530	67.484			

Calculation of Solvency Capital Requirement		C0100
Total undiversified components	R0110	5,943,959
Diversification	R0060	(1,802,712)
Adjustment due to RFF/MAP nSCR aggregation	R0120	10,960
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement, excluding capital add-ons	R0200	2,963,371
Capital add-ons already set	R0210	
of which, capital add-ons already set - Article 37 (1) Type a	R0211	
of which, capital add-ons already set - Article 37 (1) Type b	R0212	
of which, capital add-ons already set - Article 37 (1) Type c	R0213	
of which, capital add-ons already set - Article 37 (1) Type d	R0214	
Solvency capital requirement	R0220	2,963,371
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	(351,834)
Amount/estimate of the loss absorbing capacity for deferred taxes	R0310	(837,003)
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	2,929,338
Total amount of Notional Solvency Capital Requirements for ring-fenced funds	R0420	34,032
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Method used to calculate the adjustment due to RFF nSCR aggregation	R0450	Simplification at risk module level
Net future discretionary benefits	R0460	2,765,088

		Yes/No
Approach to tax rate		C0109
Approach based on average tax rate	R0590	Approach not based on average tax rate

Calculation of loss absorbing capacity of deferred taxes		C0130
Amount/estimate of LAC DT	R0640	(837,003)
Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	R0650	(374,936)
Amount/estimate of LAC DT justified by reference to probable future taxable economic profit	R0660	(462,067)
Amount/estimate of LAC DT justified by carry back, current year	R0670	
Amount/estimate of LAC DT justified by carry back, future years	R0680	
Amount/estimate of Maximum LAC DT	R0690	(837,003)

S.28.02.01

Minimum Capital Requirement - Both life and non-life insurance activity

		Non-life activities	Life activities
		$MCR_{(NL,NL)}$ Result	$MCR_{(NL,L)}$ Result
		C0010	C0020
Linear formula component for non-life insurance and reinsurance obligations	R0010	1.703.867	

		Non-life activities		Life activities	
		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months	Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0030	C0040	C0050	C0060
Medical expense insurance and proportional reinsurance	R0020	286.574	522.500		
Income protection insurance and proportional reinsurance	R0030	472.060	606.328		
Workers' compensation insurance and proportional reinsurance	R0040				
Motor vehicle liability insurance and proportional reinsurance	R0050	4.776.553	2.869.877		
Other motor insurance and proportional reinsurance	R0060	655.136	888.568		
Marine, aviation and transport insurance and proportional reinsurance	R0070	39.206	23.973		
Fire and other damage to property insurance and proportional reinsurance	R0080	1.789.267	1.219.343		
General liability insurance and proportional reinsurance	R0090	2.121.689	763.676		
Credit and suretyship insurance and proportional reinsurance	R0100	153.881	25.976		
Legal expenses insurance and proportional reinsurance	R0110	37.094	18.180		
Assistance and proportional reinsurance	R0120	82.605	220.208		
Miscellaneous financial loss insurance and proportional reinsurance	R0130	30.758	66.387		
Non-proportional health reinsurance	R0140	2.354	551		
Non-proportional casualty reinsurance	R0150	304.738	61.336		
Non-proportional marine, aviation and transport reinsurance	R0160	1.436	26		
Non-proportional property reinsurance	R0170	128.472	4.434		

		Non-life activities	Life activities
		$MCR_{(L,NL)}$ Result	$MCR_{(L,L)}$ Result
		C0070	C0080
Linear formula component for life insurance and reinsurance obligations	R0200		739.798

		Non-life activities		Life activities	
		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance/ SPV) total capital at risk	Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance/ SPV) total capital at risk
Obligations with profit participation - guaranteed benefits	R0210			21.704.952	
Obligations with profit participation - future discretionary benefits	R0220			2.765.082	
Index-linked and unit-linked insurance obligations	R0230			7.150.645	
Other life (re)insurance and health (re)insurance obligations	R0240				
Total capital at risk for all life (re)insurance obligations	R0250				43.491.597

Overall MCR calculation		C0130
Linear MCR	R0300	2.443.664
SCR	R0310	2.963.371
MCR cap	R0320	1.333.517
MCR floor	R0330	740.843
Combined MCR	R0340	1.333.517
Absolute floor of the MCR	R0350	8.000
		C0130
Minimum Capital Requirement	R0400	1.333.517

Notional non-life and life MCR calculation		Non-life activities	Life activities
		C0140	C0150
Notional linear MCR	R0500	1.703.867	739.798
Notional SCR excluding add-on (annual or latest calculation)	R0510	2.066.236	897.134
Notional MCR cap	R0520	929.806	403.710
Notional MCR floor	R0530	516.559	224.284
Notional Combined MCR	R0540	929.806	403.710
Absolute floor of the notional MCR	R0550	4.000	4.000
Notional MCR	R0560	929.806	403.710

INDEPENDENT AUDITORS' REPORTS

Building a better working world

UnipolSai Assicurazioni S.p.A.

Solvency and Financial Condition Report as at December 31, 2023

Independent auditor's report pursuant to article 47-septies, paragraph 7 of Legislative Decree n. 209, dated 7 September 2005, and article 4, paragraph 1, letters a) and b) of IVASS Regulation n. 42, dated 2 August 2018

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Building a better working world

Independent auditor's report pursuant to article 47-septies, paragraph 7 of Legislative Decree n. 209, dated 7 September 2005, and article 4, 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
UnipolSai Assicurazioni S.p.A.

Opinion

We have audited the following elements of the Solvency and Financial Condition Report (the "SFCR") of UnipolSai Assicurazioni S.p.A. (the "Company") as at December 31, 2023, 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.23.01.01 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 Solvency capital Requirement (item R0580) and to the Minimum capital Requirement (item R0600) of the reporting template "S.23.01.01 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 UnipolSai Assicurazioni S.p.A. as at December 31, 2023 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 the Company in accordance with the regulations and standards on ethics and independence of the Code of Ethics for Professional Accountants (including International Independence Standards) (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.

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 financial statements as at December 31, 2023 in accordance with Italian regulations governing financial statements, on which we issued our independent auditor's report dated March 5, 2024.
The Company has prepared the reporting templates "S.25.05.21 Solvency Capital Requirement - for undertakings using an internal model (partial or full)" e "S.28.02.01 Minimum capital Requirement - Both life and non-life insurance activity" 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 Company, which are reviewed by us pursuant to article 4 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.02.01.02 Balance sheet", "S.04.05.21 Premiums, claims and expenses by country", "S.05.01.02 Premiums, claims and expenses by line of business", "S.12.01.02 Life and Health SLT Technical Provisions", "S.17.01.02 Non-life Technical Provisions", "S.19.01.21 Non-life insurance claims ", "S.22.01.21 Impact of long term guarantees measures and transitionals", "S.23.01.01 Own funds", "S.25.05.21 Solvency Capital Requirement - for undertakings using an internal model (partial or full)" e "S.28.02.01 Minimum capital Requirement - Both life and non-life insurance activity";
- 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 and presentation 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 Company'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 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 Company'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 MBVS 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 Company'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 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.

We also provided Those Charged with Governance with a statement that we complied with the regulations and standard on ethics and independence applicable in accordance with the Code of Ethics for Professional Accountants (IESBA Code) issued by the International Ethics Standards Board for Accountants a communicated with them all relationships and other matters that may reasonably be thought to bear on out independence, and were applicable, related safeguards.

Milan, 5th April 2024

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.

Building a better working world

UnipolSai Assicurazioni S.p.A.

Solvency and financial condition report as at December 31, 2023

Independent auditor's review report pursuant to article 47-septies, paragraph 7 of Legislative Decree n. 209, dated 7 September 2005 and article 4, paragraph 1, letter c) of IVASS Regulation n. 42, dated 2 August 2018

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Building a better working world

Independent auditor's review report pursuant to article 47-septies, paragraph 7 of Legislative Decree n. 209, dated 7 September 2005 and article 4, paragraph 1, letter c) of IVASS Regulation n. 42, dated 2 August 2018

(Translation from the original Italian text)

To the Board of Directors of
UnipolSai Assicurazioni S.p.A.

Introduction

We have reviewed the accompanying reporting template "S.25.05.21 Solvency Capital Requirement - for undertakings using an internal model (partial or full)" e "S.28.02.01 Minimum Capital Requirement - Both life and non-life insurance activity" (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 UnipolSai Assicurazioni S.p.A. (the "Company") as at December 31, 2023, 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 the Management in accordance with the applicable European Union regulations, the national sectoral regulation and the Partial Internal Model of the Company, 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 Company, 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 Company, 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.

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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 (ISAs). 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 UnipolSai Assicurazioni S.p.A. as at December 31, 2023, 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 Company 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 Company, 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, 5th April 2024

EY S.p.A.
Signed by: Paolo Ancona, Auditor

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VAT No. 03740811207
R.E.A. No. 511469

A company subject
to management and coordination
by Unipol Gruppo S.p.A.,
entered in Section I of the Insurance
and Reinsurance Companies List
at No. 1.00006
and a member of the
Unipol Insurance Group,
entered in the Register of
the parent companies – No. 046

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