UNIPOL 2022-2024
STRATEGIC PLAN

Opening New Ways

IFRS 17&9 Guidance

Bologna – 24 March 2023

DISCLAIMER

This document includes, among the other information and data, also statements on future expectations and other forecast estimates.

The data contained herein are preliminary in nature and based on valuations and reasonable estimates available to the date hereof and, therefore, may be subject to further variations.

This document has been prepared by Unipol Gruppo S.p.A. and by UnipolSai Assicurazioni S.p.A. solely for information purposes in the context of the presentation of their Guidance on the impacts of the IFRS 17/ 9. The updated information on the effects of the transition to the new IFRS 17/9 will be reported in the 2023 financial statements as set forth by the regulation in force.

Please note that these data are explanatory and/or based on assessments and preliminary expectations and are unaudited.

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Unless otherwise specified, all figures reported in this presentation refer to Unipol Gruppo.

Luca Zaccherini, Senior Executive responsible for drawing up the corporate accounts of Unipol Gruppo S.p.A. and UnipolSai Assicurazioni S.p.A., declares, in accordance with Article 154-bis, para 2, of the 'Consolidated Finance Act', that the accounting information reported in this document corresponds to the document contents, books and accounting records.

AGENDA

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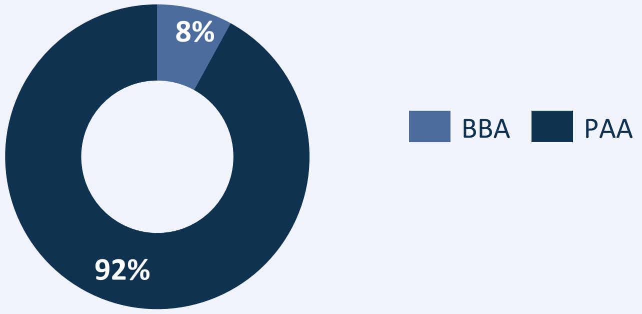
IFRS 17/9 – KEY CHOICES

	Options adopted	Rationale
Accounting Models	• PAA: c.92% of Non-Life contracts • BBA: c.8% of Non-Life contracts and c.6% of Life contracts • VFA: c.94% of Life contracts	• Compliance with the characteristics of the different types of contracts • PAA to ensure simplicity and consistence in financial reporting
Transition	• MRA 53% and FVA 47% of Life business • MRA 11% and FVA 89% of Non-Life business	• Allow margins to be recognized over the residual life of the contracts
Discount Rate	• Bottom-up approach (illiquidity premium added to the risk-free curve) • OCI option in case of change in discount rates	• Alignment with Solvency II • Reduce P&L volatility through consistent ALM approach
Risk Adjustment	• Base calibration on 75° percentile with range up to 98° percentile for Non-Life business • Calculation based on metrics derived from Solvency II framework	• Prudential approach for Non-Life business to factor in the uncertainty in the current scenario
Investment	• Fixed income assets largely recognised at FVOCI • Equities mainly recognised at FVOCI	• Reduce P&L volatility

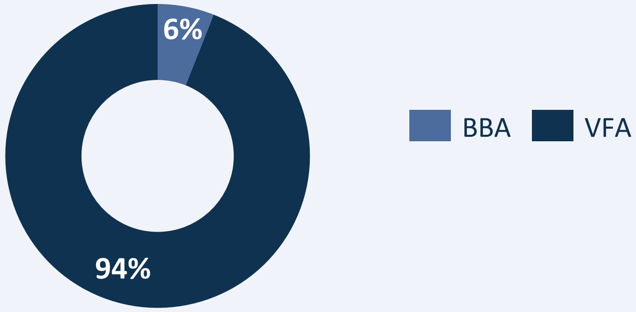
IFRS 17 – ACCOUNTING MODELS

Non-Life business*



- The **PAA** model is applied to almost the entire portfolio with coverage close to 12 months
- The **BBA** model is applied to the multi-year component of the portfolio

Life business*

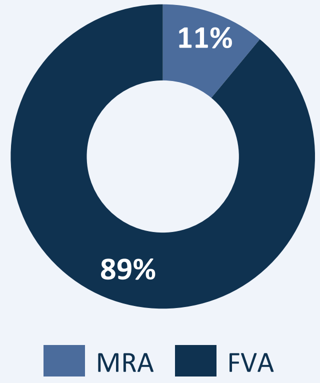


- The **VFA** model is applied to almost the entire Life portfolio (segregated funds and units with significant insurance content)
- The **BBA** model is applied to the residual portion of the Life portfolio (non-revaluable policies)

* Calculated on 2022 gross underwritten premiums

IFRS 17 – TRANSITION

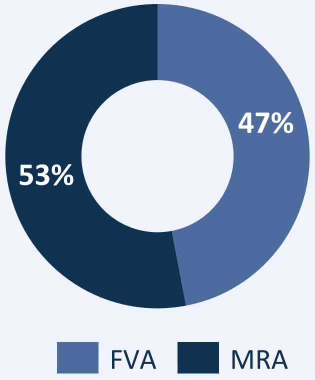
Non-Life*



Total Shareholders' Equity basically unchanged

- Prevailing **Fair Value Approach**
- Residual **Modified Retrospective Approach**

Life*



Moderate reduction in Total Shareholders' Equity

- **Modified Retrospective Approach**:
  - for all pure risk individual prod.
  - prevailing for segregated funds
- **Fair Value Approach** for minor segregated funds and pure risk collective contracts

* Calculated on 2022 technical provisions

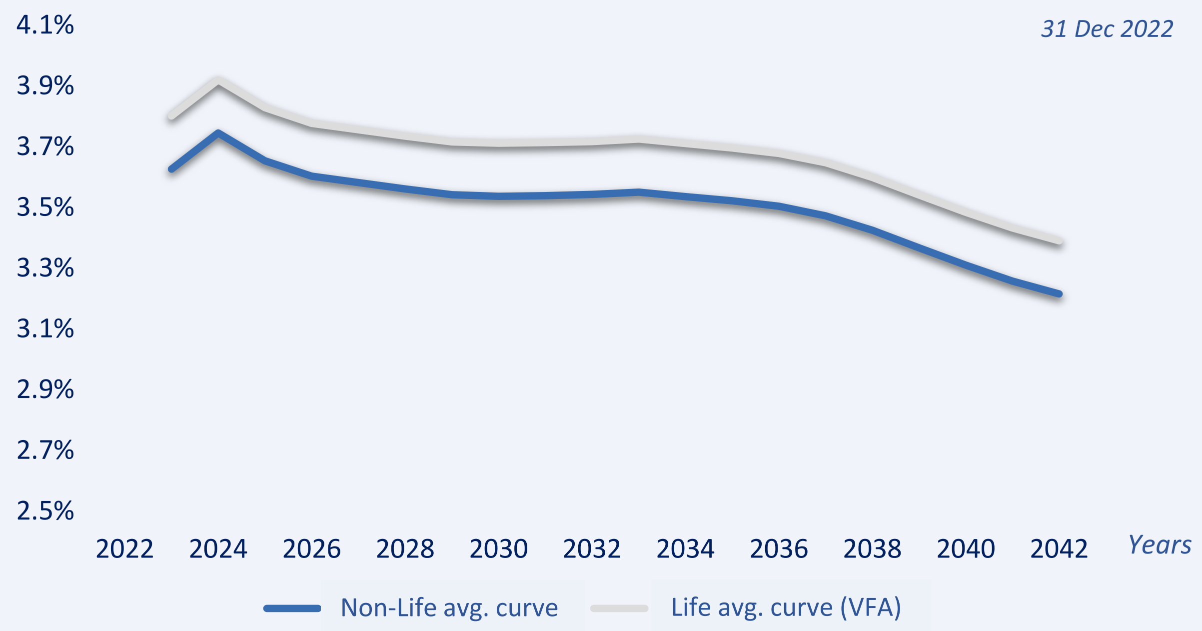
IFRS 17 – DISCOUNT RATE

- Valuation of the insurance liabilities at current values with **discounting rate based on the so called bottom-up approach** (risk-free curve adjusted to an Illiquidity Premium consistent with the volatility adjustment Solvency II methodological framework, but also considering the characteristics of the assets portfolio underlying the insurance liabilities)

- Illiquidity Premium (differentiated by business type) based on the yield of the specific underlying assets portfolio

- Changes in the discount rate will be:
  - absorbed by the CSM for VFA contracts
  - booked at OCI for the other contracts

Discount Rate

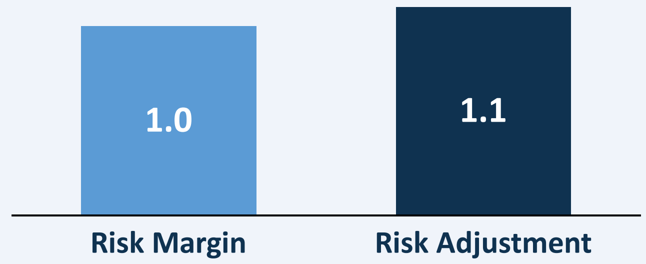


IFRS 17 – RISK ADJUSTMENT

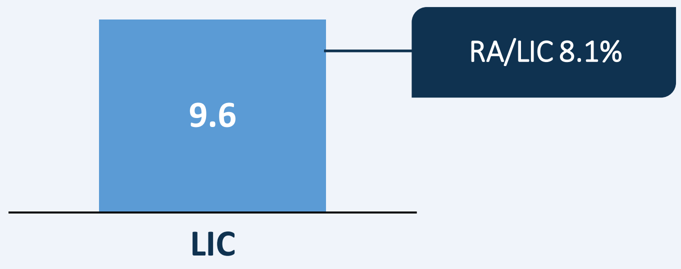
€bn

- Adjustment for non-financial risk (Risk Adjustment - RA) calculated using metrics derived from the Solvency II framework
- Base calibration on 75° percentile for both Non-Life and Life businesses and with an extended range for Non-Life up to 98° percentile, to factor in the uncertainty in the current scenario
- RA at transition stands on levels similar to the Solvency II Risk Margin
- RA/LIC around 8.1% for Unipol
- A part of the loss component accounted at inception may not translate into an actual loss when claims are settled

Total* Risk Margin and Risk Adj. at 1 Jan 2022



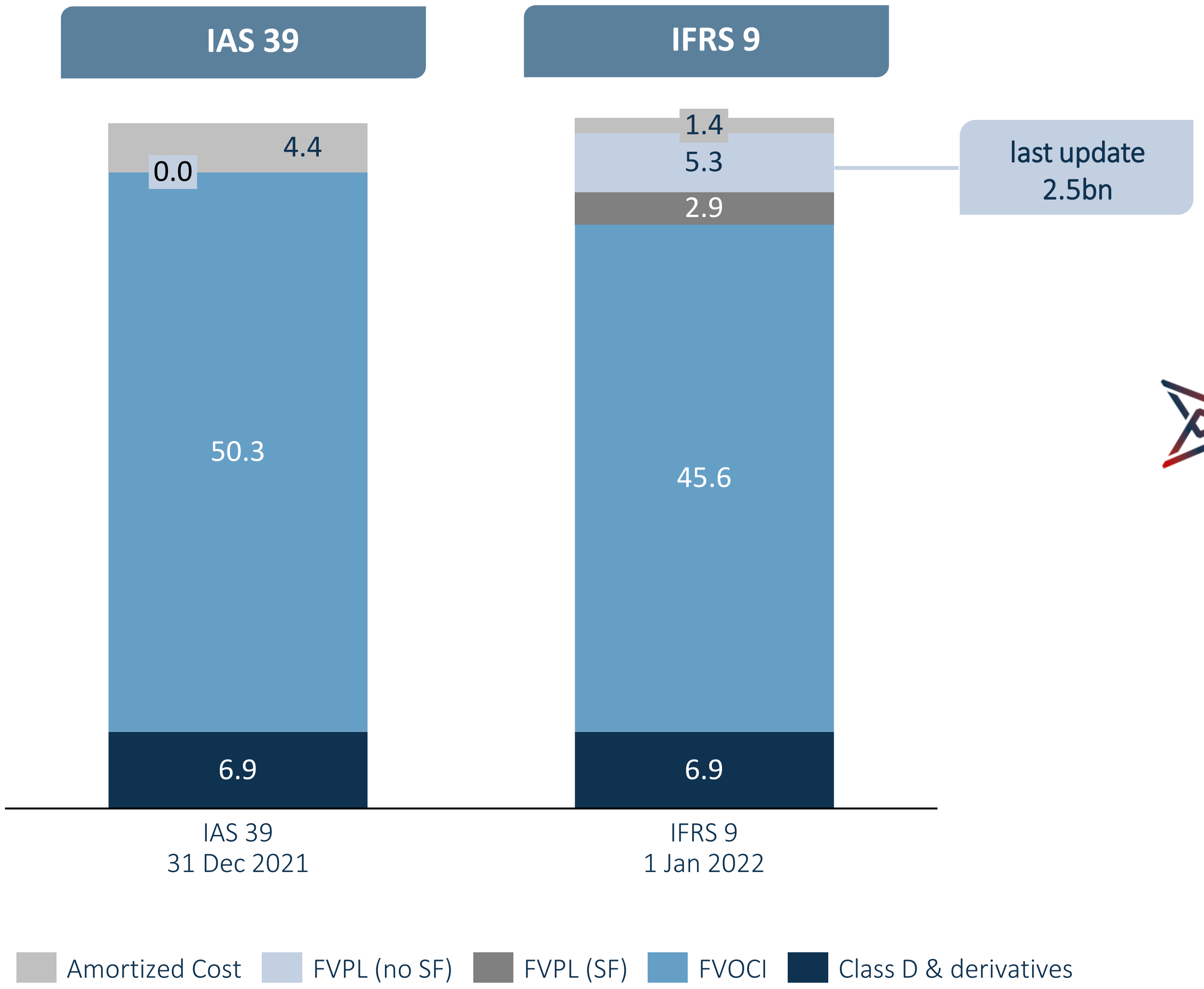
Non-Life – RA/LIC at 1 Jan 2022**



* Referring to both LRC and LIC
** Direct business; RA on LIC only

IFRS 9 – CLASSIFICATION OF FINANCIAL ASSETS vs IAS 39*

€bn



Key Points

- Since 2022 we have gradually reduced the exposure to securities valued at FVPL (excl. segregated funds) from 5.3 to 2.5 €bn. This process will continue in order to protect the P&L from the financial markets volatility
- Not material expected credit loss, given 88.5% of the bond portfolio is investment grade

FVPL = Bonds, loans&receivables and CIU (SPPI-failed)
FVOCI and **AC** = Bonds, loans&receivables (SPPI-passed)

* Figures refer to UnipolSai scope subject to IFRS 9 transition

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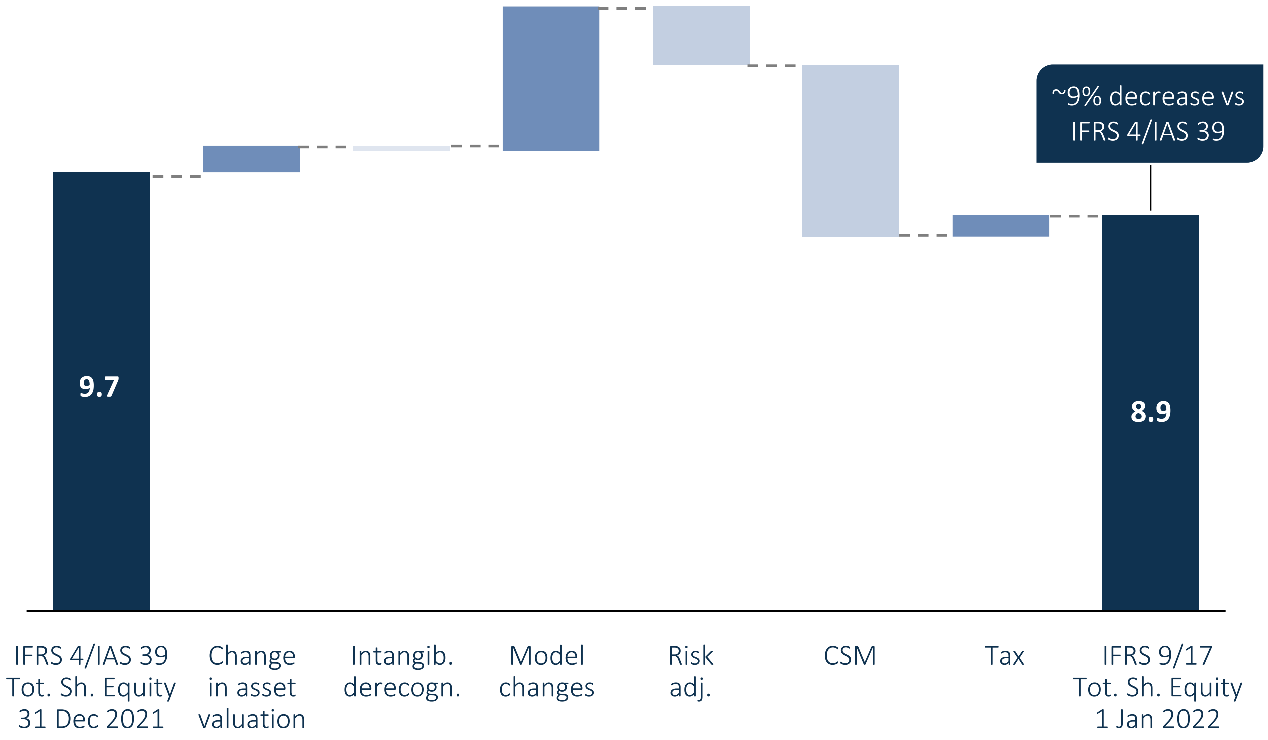
TOTAL SHAREHOLDERS' EQUITY – FROM IFRS 4/IAS 39 TO IFRS 17/9

€bn



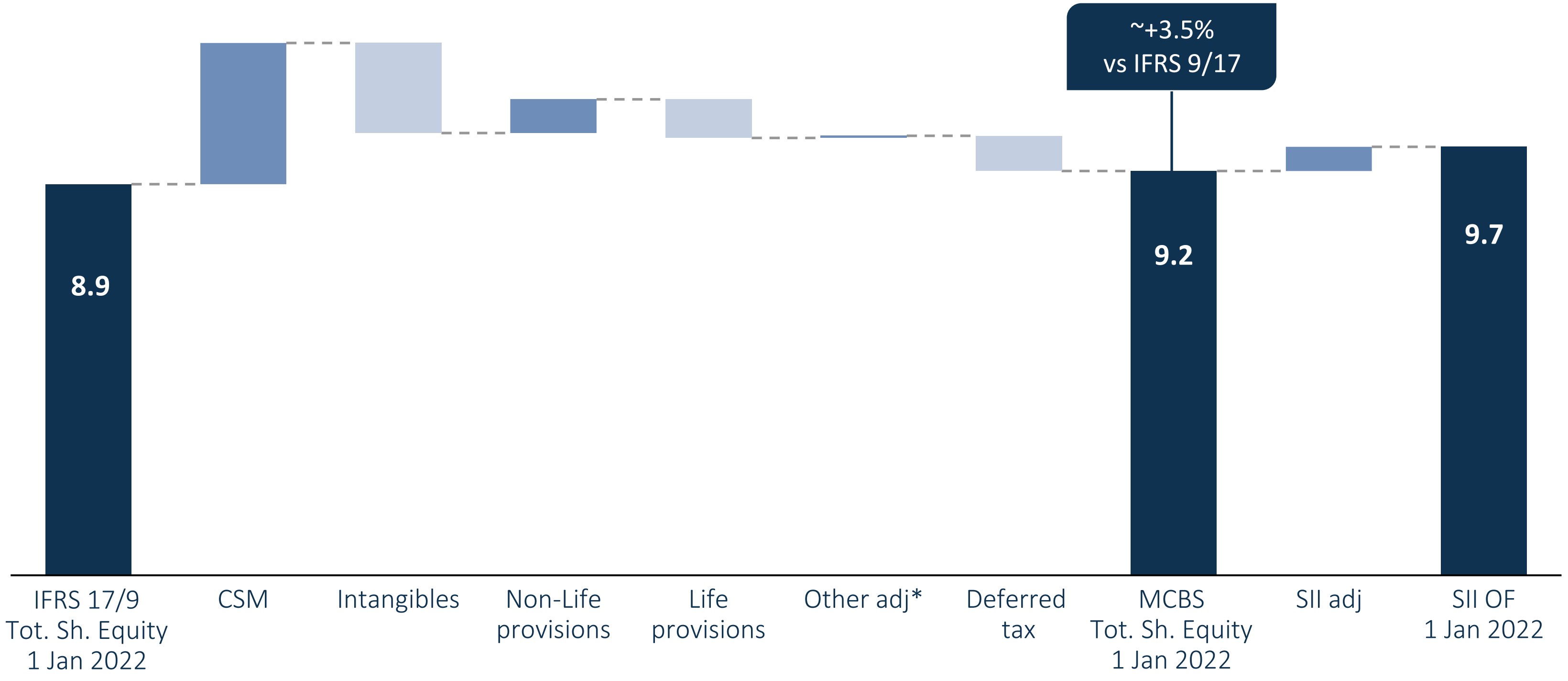
Key Points

- Model changes in reserves:
  - from IFRS 4 to IFRS 17 best-estimate cash flows
  - insurance cash flows discount
- CSM at transition delivers an indication of the expected profit on insurance contracts that will be released to the P&L according to the insurance service provided for the relevant contracts
- CSM amounts to about 3.2€bn o/w 1.1 Non-Life and 2.1 Life
- Total shareholders' equity under IFRS 17/9 is expected to be more stable in the future, although decreasing by 9% in comparison with the one calculated under IFRS 4/IAS 39 at transition

TOTAL SHAREHOLDERS' EQUITY – FROM IFRS 17/9 TO SOLVENCY II

€bn

At 1 January 2022

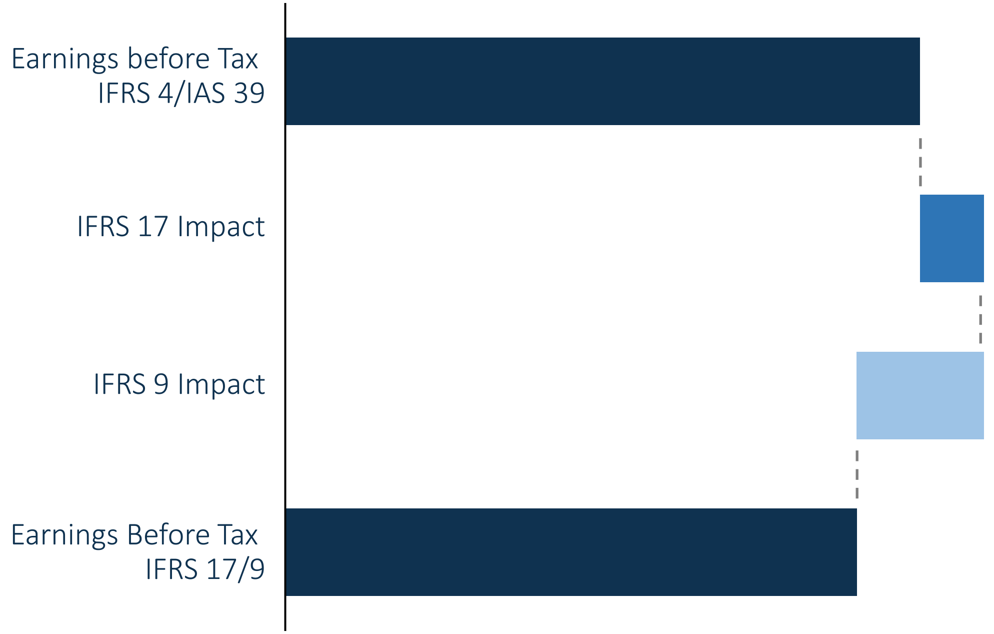


Key Points

- Inclusion of CSM (3.2€bn expected profits to be recognised over the residual life of contracts under IFRS 17/9)
- Elimination of intangible assets (2€bn), mainly related to goodwill not recognized in Solvency II
- Mark to model valuation of Non-Life and Life provisions, according to the various discount curves used, the difference between Solvency II best estimate Non-Life premium provisions vs IFRS 17 PAA, etc.
- Other adjustments, relating to the treatment of RT1 capital instruments qualified as shareholders' equity in the consolidated financial statements and mark to market valuation of other investments, mainly Real Estate and other investments at cost
- Deferred tax, following the changes in fair value for the aforesaid items
- Solvency II adjustments on sub-debts, accrued dividends and other deductions

*Incl. other financial investments, other assets and liabilities and other adjustments relating to RT1 capital instruments

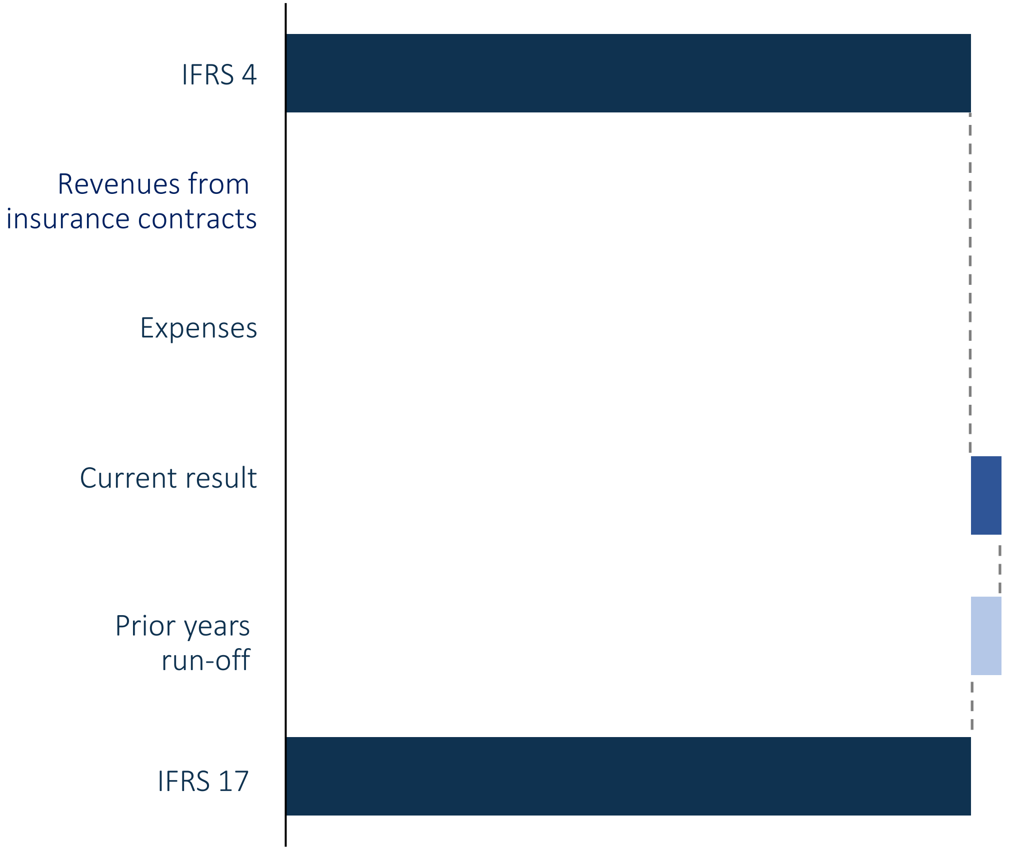
2022 P&L – PRO-FORMA



Key Points

- The impact of the application of **IFRS 17** on EBT is expected to be positive, compared to the previous accounting standards, as a result of the transition
- The impact of the application of **IFRS 9** on EBT is expected to be negative, compared to IAS 39, as a consequence of securities measured at FVPL.
- Overall **2022 EBT** is then assumed to be lower vs IFRS 4/IAS 39
- In the forthcoming years a convergence towards historical results under previous accounting standards is expected, despite a slight increase in the volatility of financial result arising from the application of IFRS 9

NON-LIFE – INSURANCE SERVICES RESULT UNDER NEW STANDARDS

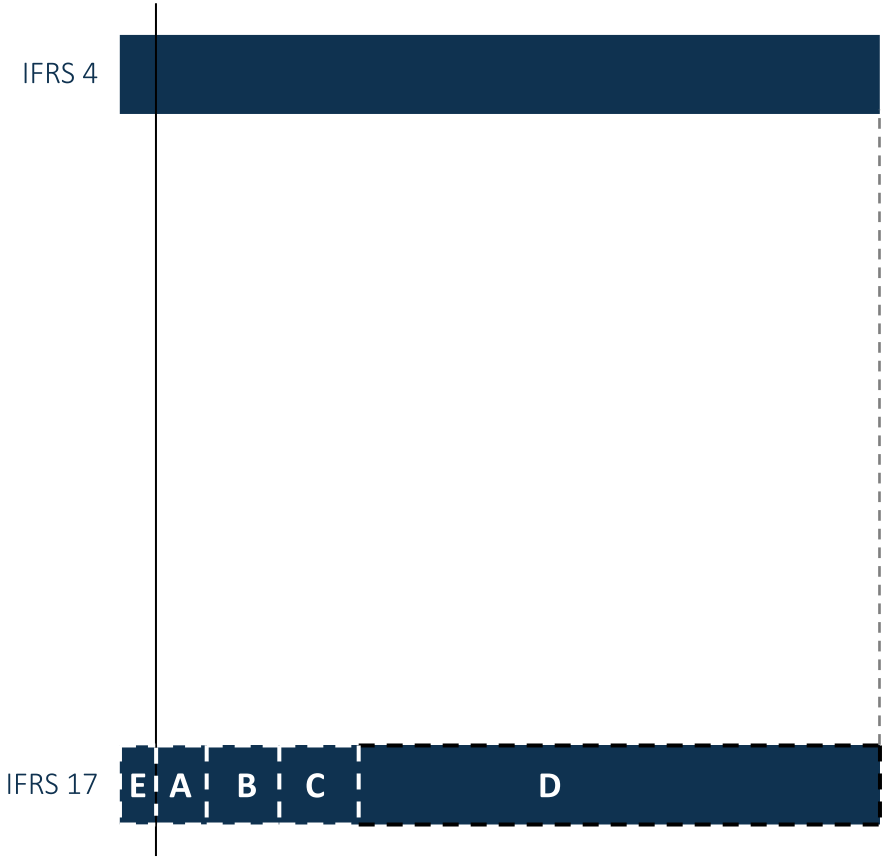


Key Points	Comparison with IFRS 4
▪ Revenues from insurance contracts similar to gross earned premiums	→
▪ No significant change between allocated and unallocated expenses	→
▪ Slight improvement owing to: best estimate (+), discounting (+), CSM release from transition (+), onerous contracts (-), risk adjustment on CY claims (-)	↗
▪ Slight decrease: LIC aligned to SII BEL	↘
▪ Result of insurance services is expected to remain broadly stable	→

CoR = 1- (insurance services result/insurance contracts revenues)

▪ Slight deterioration in CoR due to the increase in the denominator (insurance revenues gross of reinsurance) ↗

LIFE – SECTOR RESULT UNDER NEW STANDARDS



Key Points

A convergence towards historical results under previous accounting standards is expected, despite a slight increase in the volatility of financial result arising from the application of IFRS 9

A Profitability of linked portfolio, in scope of IFRS9

B Changes in technical items:
- Actual vs expected expenses and claims
- Risk Adjustment release

C Investment result includes the economic result of free capital and non-revaluable business, as well as its share of unwinding of the discount rate

D IFRS 17 grants a more predictable view of Life results since profitability mainly comes from CSM release, including the financial margin of revaluable business

E No significant change in cost allocation

STRATEGIC PLAN TARGETS AND KPIs – IMPACTS

		IMPACTS	NOTES
Financial KPIs	Cumulative consolidated net profit* 2022-2024	→	Target confirmed
	Cumulative dividends 2022-2024	No impact	Target confirmed
Insurance KPIs	Non-Life Premiums	No impact	Target confirmed Non-Life premiums still a disclosed KPI
	CoR Non-Life (net of reinsurance)	↗	Owing to different calculation, with no effect on insurance services result
	Life premiums	No impact	Target confirmed Life premiums still a disclosed KPI
	Present Value Future Profit Margin	No impact	Target confirmed

* Normalised consolidated profit (excluding Employee Solidarity Fund) calculated on the basis of accounting standards in force in 2022

2023 REPORTING TIMELINE

24 March
IFRS 17/9 Guidance

11 August
1H23 figures under IFRS 17/9 and 1H22 comparison

January	February	March	April	May	June	July	August	September	October	November	December

12 May
1Q23 figures under IFRS 17/9 and 1Q22 comparison

10 November
9M23 figures under IFRS 17/9 and 9M22 comparison

AGENDA

KEY MESSAGES

- No impact on the Group’s insurance strategy, dividend policy and Solvency II ratio
- Financial disclosure improved, with few variations in Non-Life and better predictability in Life
- Shareholders' Equity slightly reduced at the transition date, but much more stable in the future
- Insurance and financial targets of the 2022-24 Strategic Plan “Opening New Ways” confirmed

AGENDA

GLOSSARY

AFS	Available for Sale Reserve	
ALM	Asset and Liability Management	
BBA	Building Block Approach or GMM	General accounting model for all contracts without direct participation (GMM=General Measurement Model)
BEL	Best Estimate Liabilities	Present value of future discounted cash flows (best estimate without prudential margins)
COR	Combined Ratio	
CSM	Contractual Service Margin	Insurance liability suspending the expected profit overtime, recognising it in the P&L consistently with the insurance service provided
DAC	Deferred Acquisition Costs	Under IFRS 17 they are not recognized as assets, but included in FCF and then reflected in the insurance liabilities
ECL	Expected Credit Loss	Estimate weighted for the possible losses over the entire residual life of the financial assets
FCF	Fulfilment Cash Flows	Expected weighted cash flows, discounted and adjusted for the economic value of time and risk
FRA	Full Retrospective Approach (Transition)	As if IFRS 17 had always been applied
FVA	Fair Value Approach (Transition)	CSM at transition is the difference between the fair value of the contracts portfolio and the FCF compliant to IFRS 13.
FVOCI	Fair Value Through Other Comprehensive Income	
FVTPL	Fair Value Through Profit and Loss	
LIC	Liability for Incurred Claims	
LRC	Liability for Remaining Coverage	Liability for covered events relating to future insurance services
MRA	Modified Retrospective Approach (Transition)	Similar to the FRA with simplification in the items implying difficult retrospective estimate, such as cash flows, discount rates and risk adjustment
MVBS	Market Value Balance Sheet	
PAA	Premium Allocation Approach	Simplified accounting model for one-year contracts, or contracts deemed as eligible based on a negligible fulfilment cash flows volatility throughout the coverage
PVFCF	Present Value of Future Cash Flows	Discounted estimate which is probability-weighted of future cash flows
PVFP	Present Value of Future Profits	
RA	Risk Adjustment	Insurance liability reflecting the remuneration requested by the issuer to bear the uncertainty in the cash flows amount and timing deriving from non-financial risks
RM	Risk Margin	
S2	Solvency 2	
SF	Segregated Funds	
SPPI	Solely Payments of Principal and Interest test	Test to establish the correct recognition of financial assets
TP	Technical Provisions	
VFA	Variable Fee Approach	Accounting model for contracts with direct participation

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