



**Unipol**  
GRUPPO



**Directors' Report and proposals on the item of the agenda  
of the Shareholders' Meeting of October 1, 2021**



## REPORT OF THE BOARD OF DIRECTORS TO THE ORDINARY SHAREHOLDERS' MEETINGS ON THE SINGLE ITEM ON THE AGENDA

### Proposed distribution of a portion of the extraordinary profit reserve recognised in the Company's financial statements. Related and consequent resolutions.

Dear Shareholders,

First of all, it should be recalled that:

- at the meeting held on 19 March 2020, the Board of Directors of Unipol Gruppo S.p.A. (“**Unipol**” or the “**Company**”) had resolved:
  - to approve the Unipol draft financial statements as at 31 December 2019, showing profit for the year of Euro 283,535,905.14 (“**2019 Profit**”);
  - to submit to the Ordinary Shareholders' Meeting convened for 30 April 2020 the proposal to allocate the 2019 Profit, as follows:
    - to the Extraordinary Reserve Euro 83,045,495.86;
    - to the dividend for ordinary shares in issue, the remainder, for a total of Euro 200,490,409.28, corresponding to Euro 0.28 per share (“**2019 Dividend**”);
- at its subsequent meeting held on 2 April 2020, the Board of Directors of the Company had:
  - acknowledged the content of the communication issued by IVASS (also “**Authority**”) concerning the closing of the accounts for the year 2019, whereby the Authority, taking into account the emergency situation linked to the Covid-19 pandemic (“**Covid-19 Emergency**”), had asked all Italian insurance companies and groups to “*use... extreme caution in the distribution of dividends and of other equity components*”;
  - discussed the advisability of strictly following the instructions issued by the Authority, resolving:
    - to suspend the proposed distribution of the 2019 Dividend and therefore propose to the Shareholders' Meeting the allocation to the Extraordinary Reserve of the 2019 Profit; the Shareholders' Meeting approved this proposal at the meeting held on 30 April 2020;
    - to reserve the right - as soon as the conditions were met, once the emergency situation currently impacting the entire country was over - to call a Shareholders' Meeting to distribute the profit reserves, in order to enable the Company's Shareholders to

benefit from the value created by the Unipol Group (also “**Group**”);

- in December 2020, the relevant EU Authorities renewed their recommendation to national banking, financial and insurance sector authorities to make sure that extreme caution continued to be used in the distribution of dividends, at least until September 2021. For its part, IVASS adopted the aforementioned recommendation;
- in view of the above, at the meeting on 18 March 2021, the Board of Directors of Unipol resolved:
  - to approve the draft financial statements as at 31 December 2020 of Unipol, recording profit for the year of Euro 316,348,942.67 (“**2020 Profit**”);
  - to submit to the Ordinary Shareholders’ Meeting convened for 29 April 2021 the proposal to allocate the 2020 Profit, as follows:
    - to the Extraordinary Reserve Euro 115,562,711.43;
    - the remainder to the dividend for the ordinary shares outstanding, for a total of Euro 200,786,231.24, corresponding to Euro 0.28 per share (“**2020 Dividend**”).

The Shareholders’ Meeting approved this proposal and, as a result, the extraordinary profit reserve amounts to a total of Euro 399,616,966.54 (“**Extraordinary Reserve**” or “**Reserve**”), of which Euro 200,490,409.28 referring - as noted above - to the undistributed 2019 Dividend;

- in passing the aforementioned resolution, the Board of Directors considered the high current and forward-looking capital strength of Unipol; indeed, as at 31 December 2020, the individual Solvency Ratio was 2.16x (using the Partial Internal Model as authorised by IVASS), with excess capital of roughly Euro 4.9bn, having already deducted the 2020 Dividend. It was therefore deemed that all conditions had been met, including the capital strength ratios, to proceed with the distribution of the 2020 Dividend, as Unipol’s current and forward-looking ability to absorb the impacts of the Covid-19 Emergency on its business model and solvency, liquidity and financial position had been preserved;
- no further decision has instead been submitted so far to the Shareholders’ Meeting with reference to the 2019 Dividend, given the recommendations of the EU and Italian Authorities, still in force, and the need to assess the evolution of the Covid-19 Emergency;
- moreover, at the end of September, the EU recommendation currently in force will cease to have effect; based on the recent announcements by the relevant Supervisory Authorities, it is not expected to be renewed.

Therefore, it should be noted that:

- at the date on which this report was drafted, the Board of Directors had approved

the consolidated half-yearly financial report, showing a consolidated net profit of Euro 536.7 million;

- the Board of Directors had also approved the individual Unipol statement of financial position as at 30 June 2021, showing the levels of the corresponding components of the company's shareholders' equity, including the Extraordinary Reserve, stable with respect to 31 December 2019;
- at the date on which this report was drafted, therefore, the conditions had been met for the legitimate distribution of the Extraordinary Reserve for the total amount of the 2019 Dividend; based on the information available at the moment and the current trends in the Group's business operations, excluding extraordinary events that cannot be currently foreseen and further significant effects on the financial markets of the Covid-19 Emergency, the conditions have indeed been met to continue to expect the pursuit of the 2019-2021 Business Plan targets, as the consolidated and individual results of Unipol for the current year are expected to be broadly positive;
- with regard to the Unipol Group's solvency situation, in the context described above, it should be noted that the Solvency II Ratio as at 30 June 2021, calculated by applying the Partial Internal Model approved by IVASS, was equal to:
  - 2.12x assuming the distribution of the Reserve for an amount corresponding to the 2019 Dividend, with a Solvency Capital Requirement ("SCR") of Euro 4,491 million and Own Funds of Euro 9,511 million, taking into account the volatility adjustment ("VA");
  - 2.16x, without assuming the aforementioned distribution of the Reserve, again taking into account the VA, with Own Funds of Euro 9,712 and an SCR still equal to Euro 4,491 million.

The overall assessments performed by the Board of Directors of Unipol show an adequate current and forward-looking risk and solvency assessment framework, also taking into account the payment of the 2019 Dividend by the end of this year.

In view of the above, we believe that all advisability conditions are met, as well as those set forth by regulations, to propose to the Company's Ordinary Shareholders' Meeting the distribution of a portion of the Extraordinary Reserve through the payment of a unit dividend of Euro 0.28 for each of the 717,122,245 ordinary shares currently in issue, and thus for a total of Euro 200,794,228.60.

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The Board of Directors submits to the Shareholders' Meeting the following resolution proposal.

### ***Proposal***

*"The Ordinary Shareholders' Meeting of Unipol Gruppo S.p.A. ("Unipol" or "Company"),*

- *after reviewing the report prepared by the Board of Directors and acknowledging the proposal there made;*
- *acknowledging that the share capital and the reserves shown in the Company's Statement of Financial Position as at 30 June 2021 are to be deemed existent and in particular that the Extraordinary Reserve amounts to Euro 399,616,966.54 and consists entirely of distributable profit;*
- *acknowledging the favourable opinion of the Board of Statutory Auditors;*
- *acknowledging that the Company holds 351,263 ordinary treasury shares,*  
*hereby resolves*
- *to approve the proposed distribution to dividends, for the 717,122,245 ordinary shares in issue, of a portion of the aforementioned Extraordinary Reserve, for a total of Euro 200,794,228.60;*
- *to approve, therefore, the distribution of a total unit dividend, also considering the redistribution of the dividend pertaining to treasury shares, equal to Euro 0.28 for each eligible ordinary share, for the aforementioned total amount, in any case noting that any change in the number of treasury shares in the portfolio of the Company at the time of distribution will have no effect on the unit dividend amount, as specified above, but will increase or decrease the amount of the Extraordinary Reserve to be distributed; the corresponding payment will be subject to verification, at the time, of the absence of provisions or recommendations against such payment by the relevant Supervisory Authorities;*
- *to set the dividend payment date at 20 October 2021 (ex-dividend date of 18 October 2021 and record date of 19 October 2021)."*

Bologna, 5 August 2021

The Board of Directors

**Unipol Gruppo S.p.A.**

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Share capital  
€3,365,292,408.03 fully paid-up  
Bologna Register of Companies  
Tax No. 00284160371  
VAT No. 03740811207  
R.E.A. No.160304

Parent company of the Unipol Insurance Group  
entered in the Register of the parent companies  
at No. 046

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