



DIREZIONE FUTURO
insieme

Guidelines 2020-2022



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Plan Targets 2020 - 2022

An aerial photograph of a cyclist riding on a cobblestone path. The path is marked with wide, curved stripes in blue, yellow, and white. The cyclist is positioned on the yellow stripe, moving towards the bottom left. The background is a dense grid of grey cobblestones.

Reale Group

Our mission and our ambition

Mission

To insure and take care of the people who make up the Reale Group world, addressing their needs with the transparency and professionalism of a Mutual and Socially Responsible Insurance Group.

Ambition

To continue to be a Mutual Group which is **Independent, Sustainable** over time, constantly growing, and increasingly **International** and **Cutting-Edge**, in which the integration of the various companies is the element that sets us apart and generates value.

Reale Group, an insurance group

- Which believes in its **values** and its identity as a **mutual company**, drawing strength from its historical **roots**
- Which is **independent, cohesive** and **modern** by tradition
- In which the **sustainability** and **quality** of the service provided to the Partner/Customer are the top priorities
- Where **people** (Partners/Customers, Agents, Employees) are “at the heart”
- In which **transparency, fairness** and **professionalism** are at the heart of the relationship between people
- Which cultivates its ambition to **grow** and become increasingly **international**
- Which knows how to **innovate** and renew itself, fully integrating modern technology so as to always remain competitive and at the forefront of the market
- Which is **socially responsible**

RESPONSIBILITY
PARTNERSHIP
SIMPLIFICATION
TOGETHERNESS
CUSTOMER INSIDE

The 5 keywords represent our way of being and working together as we strive to achieve our common goals.

Road to 2020 - 2022



The 2020/2022 plan combines different elements of change and is consolidated through the integration of 4 pillars of transformation that will guide us in the "Direction of the Future".

The managerial pact for Change Management

The 2020 - 2022 Guidelines lay out an important plan for development and change.

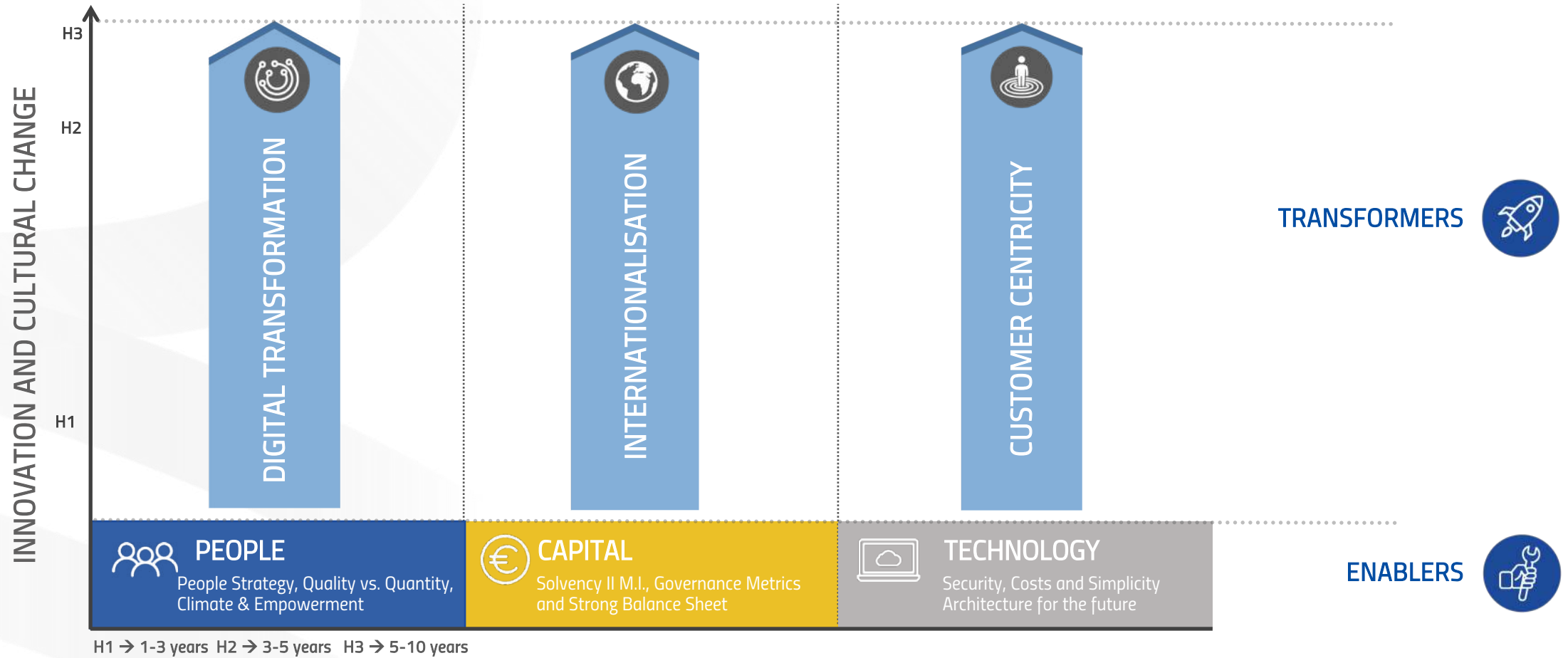
These are the 10 core commitments of Change Management to draw upon to kickstart our transformation.



Guidelines

2020-2022

Our medium/long-term strategic vision is being confirmed



OUR PRINCIPLES

mutual, independent and sustainable



The 2020-2022 Plan should be geared towards:

- **Bringing the Group closer to its Customers,** with a simpler and more personalised service model
- **Diversifying the business with international growth** and in segments that are currently underdeveloped by optimising the allocation of capital
- **Increasing the value generated** by leveraging technical excellence and data
- **Digitising the operational mechanism** and making the most of the Group's human resources

Strategic streams

2020-2022

Premise

Reale Group's strategy, in preserving and cementing its position, has identified 6 strategic initiatives for the Group whose task is to help the operations of Reale Group's industrial activity evolve so as to guarantee its competitiveness and durability over time. They are:



Capital



**Digital
Transformation**



Technology



**Customer
Centricity**



People



Internationalisation

Their task will be to develop a new approach to capital management, to facilitate, through digitisation and the use of new technologies, the innovation of Customer Service, to seek out maximum efficiency of the operating model, including through the evolution of the resources and skills needed for the future, while at the same time diversifying the country risk.

In the following pages, each one will be explored in more depth as regards their objectives, main areas of action and milestones.

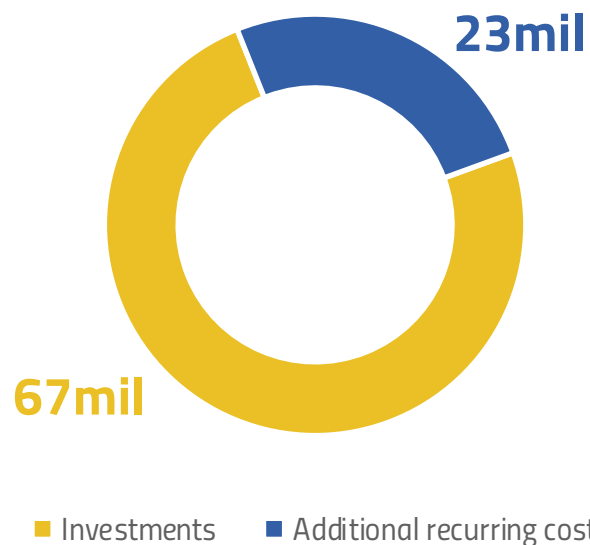
Strategic Streams - The volume of investments

€90 million allocated, distributed over the 2019 - 2022 timeframe

- ✓ Digital customer journeys
- ✓ Process automation
- ✓ IT simplification and innovation
- ✓ Addition of new skills and better use of resources
- ✓ Workforce rebalancing on areas with higher added value
- ✓ Creation of an international hub

Strong investments in technology and innovation

Cash out* strategic streams 2019-22, €mln



*Cash flow



~70%

Optimisation and evolution of the operating model



~25%

Improvement of customer service



~5%

International diversification and capital optimisation

Strategic Streams - The investment benchmark



Italy



Italy



Investments in
three-year plans
(€mln)

~ 350

~ 100

~ 120

~ 320

~ 90

Normalised Group
premiums
(GWP €bn)**

7.4

2.3

2.1

8.4

2.4

Excludes international
premiums (e.g. Reale
Seguros)

Normalised
investment/premium
ratio, (%)*

~ 5%

~ 4%

~ 6%

4%

4%**

* Premiums 2017, PLC Non-Life + PLC Life / 10 for single premiums normalisation; Reale Group Calculated on normalised RMA and ITA 2017 premiums, including Uniqa - ** 2017 premiums on Italian market
- Source: Elaboration by Boston Consulting Group based on data from: ANIA, Infobila, newspaper articles, Reale Group

€ Capital Management

Objectives

Development, at the Group level, of a new approach to capital management that allows for:

- efficient allocation of said capital
- a new operating model integrated with the Planning and ORSA process.

Main areas of intervention

- Definition of objectives and strategic initiatives at Group, Legal Entity and Business Unit levels
- Development and validation of methodology for capital productivity metrics
- Formalisation of processes and governance for capital management when fully operational
- Structuring of training and development of tools to support capital management

Milestones

Definition of structure

of the plan for centralising capital and the elements for optimising its management

Definition of methodology

and quantification of transferable capital

Definition of policy

of capital integrated with the Planning and ORSA process

Design of the reporting structure



Digital Transformation

Objectives

Accelerate the Group's innovation process in order to evolve the model of its relationships with Partners/Policyholders/Customers and improve operational efficiency.

Provide operational tools for innovation (Digital Factory, Lab1828, Ecosystems & Partnerships, Corporate Venturing and Data Science Centre of Excellence) through which, individually or in synergy, it is possible to finalise initiatives and at the same time develop and strengthen new skills and working methods.

Main areas of intervention

- Interaction with the Customer Centricity and People stream
- Digital review of processes to improve productivity and efficiency

Milestones

By 2019

Consolidation of the operating model and methodological approach + 3 operating rooms (2 Italy, 1 Spain)

By 2020

5 rooms activated
(3 Italy, 2 Spain)

By 2021

4 rooms activated
(3 Italy, 1 Spain)

By 2022

4 rooms activated
(3 Italy, 1 Spain)



Technology

Objectives

Redesign the Group's technological hub for the future, ensuring the evolution of **technological and organisational components** in order to be an enabling factor for the achievement of **strategic business objectives** such as customer centricity, digitisation and internationalisation, whilst at the same time ensuring that the current one is streamlined to provide **efficiency and cost-reduction benefits**.

Main areas of intervention

- **New Organisation** and strengthening of internal resources' **knowledge/skills**
- **Evolution of Governance:** new operating model aimed at an "Agile" approach, process review, risk management and adherence to compliance requirements, evolution of the performance control and monitoring model, sourcing strategy and supplier governance
- **Technological evolution:** design of the Architecture to-be, new models of integration with external and governance/data use partners, streamlining of the application portfolio, optimisation of Infrastructure and "Operations", monitoring of technological evolution
- Continue **strengthening** the **Safety Management System**

Milestones

2019

- New ITES organisation
- New process - Demand IT
- Design of the new IT architecture
- Start streamlining of applications - TOM/CIS
- Start of the APIfication programme
- Start optimisation of IT Infrastructures and Operations
- Set up Analytics Centre/Use Case Management for Italy and Spain
- Assessment for ISO 27001:15 certification

2021

- Consolidation of new IT Operating Model
- Digital Platform consolidation
- Adoption of the Cloud
- Continuation of the APIfication process
- Continuation of implementation of target architecture
- Consolidation of streamlining of applications - TOM/CIS

2020

- New IT Operating Model
- Data Governance Framework
- Use Case extension requested by Data Scientists
- Consolidation of optimisation process of IT Infrastructures and Operations
- Continuation of the APIfication process
- Implementation of target architecture
- Continuation of streamlining of applications - TOM/CIS -

2022

- Fine-tuning of IT Operating Model
- Completion of the APIfication programme



Customer Centricity

Objectives

Personalise and hone our offer of products and services through strategic segmentation and the increase of the Customer culture at all levels of the company

Main areas of intervention

- Identify the strategic segments at which an excellent customer experience should be aimed
- Create new relationship and offer/service models
- Redesign the most relevant customer journeys
- Listen to the voice of Customers/Partners and define the reporting metrics (NPS)
- Start up a Cultural Change programme both inside and outside the company

Milestones

Strategic segmentation

Customer Journeys

Inner and Outer loops

Technological architecture



Objectives

- Sustain Reale Group's competitiveness by anticipating the impact of trends on the workforce
- Protect our core competencies and bring in new profiles and new skills
- Promote a culture of diversity and inclusion within the organisation, starting from the gender mix
- Cultivate our talents by projecting them into an international culture
- Create paths, which are monitored and constantly evolving over time, and ways of experiencing the company which better address the sensibilities and expectations of the younger generations (Gen. X, millennials, Gen. Z)

Main areas of intervention

- Transformation of the workforce
- Inclusion & Employer Branding
- Attraction/Selection/Hiring
- Training
- Talent development & management
- Performance management
- Internal communication
- Introduction of artificial intelligence and robotics in low value-added processes

Milestones

Premium positioning

in employer branding to attract the best talent and the most qualified staff from universities and the market

"Employee Journey"

aligned with the best market experiences, with particular attention paid to continuous improvement and measurement

More efficient and innovative operating model,

integrating the potential of robotics (RPA) and artificial intelligence (AI), lean processes, and flexible and intelligent organisations

Measurable and tangible inclusion policies



Internationalisation

Objectives

- Identify global markets of interest, develop an appropriate structure in terms of governance and resources for the international development of the Group, and define methods, procedures and processes for evaluation/acquisition
- Be present in 5 countries by 2021 and bring contributions from foreign markets to between 20 and 30% of the Group's total income
- Evaluate at least three acquisition dossiers by 2021

Main areas of intervention

- define the organisational aspects of the dedicated teams
- identify the countries of interest
- define the dossier analysis, selection and approval process

Milestones

Structuring of a new division with the relevant dedicated resources

Analysis of the main dossiers in the areas of interest

Presentation of the results of exploratory trips to the B of D

Profitable development and networks

2020-2022

Premise

The heart of Reale Group's strategy is confirmed to be a focus on the core insurance business aimed at profitable portfolio growth and a constant search for technical excellence, in order to further strengthen the margins of the core business and support sustainable development through the centrality of our distribution Networks.

Over the following pages, the main Guidelines for Action will be identified, divided up according to the following logic:

**Non-Life
Growth**

**Technical Excellence
for Motor**

**Technical Excellence
for Property**

**Technical Excellence
for Life**

**Profitability of
Financial
Management**

**Evolution of the
Distribution Model**





Non-Life growth

Goals and actions

- 
 Develop initiatives to guide the Group's transformation with Customer Centric approach
- 
 Favour profitable growth by improving underwriting, discount management and distribution network support skills and by placing greater focus on the development of the most profitable segments
- 
 Continue to improve our offer catalogue by seeking the best trade-off between profitability and competitiveness as well as increasing the observation of the market and evolutionary trends; search for "new markets" to move into through pilot initiatives, which, if effective, will be consolidated over time
- 
 Optimise the determination of the car premium by enriching the data from "external" sources and making use of new forms of commercial discounts
 - 
 Complete the actions started for former Uniqa car Customers
- 
 Consolidate the retail and SME welfare strategy, continuing along the path we have already initiated to consolidate our market share in this segment
- 
 Insist on specific strategic segments (e.g. agriculture) in order to improve positioning and market share
- 
 Develop the portfolio and define a specific value proposition for customer segments identified according to age group (senior, > or < 4 years) or specific needs (expats)
- 
 Design an offer dedicated to renting, developing products, rates and agreements with specialised intermediaries
- 
 Restructure the organisation of the transport area, in order to launch a direct marketing activity that allows us to become logistical operators and producers, to increase premium growth and improve the profitability of the sector.
- 
 Improve the competitiveness of the Motorbike product and increase marketing for it









Technical Excellence for Motor

Goals and actions

-  Generate efficiency levers that allow the company to reduce the claims ratio and improve the other technical indicators
-  Optimise the fleet management model to improve the trade-off between competitiveness and profitability in this segment with high growth potential
-  Design, develop and implement solutions, new claims management criteria and new technologies that make it possible to influence management costs, average claims costs and fraud prevention (telematics, developing agreements with trustees, body shops, strengthening dedicated structures such as SARC, single quote providers, video assessments, etc.)
-  Review the Motor flexibility process in the agency, in line with the actuarial assessments aimed at obtaining the proper balance of growth and profitability





Technical Excellence for Property

Goals and actions

- 
 Generate efficiency levers that allow the company to reduce the claims ratio and improve the other technical indicators
- 
 Optimise the Group's reinsurance model by revisiting the treaties and evaluating possible reinsurance synergies on the Reale Seguros portfolio in order to achieve economies of scale
- 
 Develop new criteria for claim management and implement technological solutions (e.g. video assessments) that reduce the average cost
- 
 Recover and strengthen profitability on the "Globale Fabbricati" product by reforming the portfolio (through pruning activities), improving claims efficiency and, for the Italian market, reviewing products, pricing and discount recovery
- 
 Restore profitability in the agricultural sector by balancing the territorial mix and making the most of existing sectoral agreements
- 
 Develop pricing models through the inclusion of new variables and information on risks and Customers, in order to create new models that assess risk more effectively and set more appropriate premiums
- 
 Make the Home segment profitable through the development of a new product that allows to it compete in conditions similar to those offered by the market (low-, medium- and high-end options)
- 
 Reposition the transport sector, moving towards a higher-value type of Customer

Technical Excellence for Life

Goals and actions

-  Review and, where appropriate, expand the product catalogue, exploring innovative solutions such as “capital light” products; rebalance the offer mix (e.g. new Multi-branch offer with periodic premium); develop a new line of pension products and the Life Protection lines (Term Insurance policy)
-  Further push towards increasing efficiency and consolidation of the Life model in order to obtain greater flexibility and responsiveness of IT systems by reducing time-to-market through the adoption of a new Front End by the network and the choice of Back End applications, also in view of the new IFRS 17 standard
-  Create a programme to help agencies train and develop a life insurance marketing specialist
-  Assess the development of a new Life Risk offer and design a plan to improve retention

In short, the Life business must be directed towards the recovery and improvement of profitability.

Profitability of Financial Management



The guidelines for the definition of the profitability of the Life and Non-Life portfolios will be defined

- ...according to the strategic indications defined by the Group's Investment Committee and approved by the B of D in regard to the Strategic Asset Allocation for portfolios
- ...in light of the assumed financial scenario, updated cash flow matching and ALM activity
- ...with a risk-based approach which is consistent with the strategic indications in terms of risk/reward
- ...in line with the objectives of the Capital Management Project, which involve the progressive centralisation of the capital in the Parent Company invested with high-liquidity profiles

In particular in the Life section, the guidelines that will form the basis for the definition of the performance of individual funds will come from the consolidation of the ALM activities, which have led to the development of a bottom-up, liability-driven approach, aimed at preserving financial sustainability for the Companies and returns for the Customer.

Evolution of the Distribution Model - Reale Mutua

Focus on commercial effectiveness



Background elements

- External evolutionary drivers
 - Increasing pressure from competitors
(Traditional companies, Direct companies, Banks, Post offices, "Newcomers"...)
 - Evolution of Customer behaviour (immediacy, autonomy, digital, ...)
- Internal evolutionary drivers
 - Consolidation of the **business model** towards an integrated **omni-channel** approach
 - Focusing on the characteristic businesses of **RMA Welfare and SME**

Objectives of the project

- Define the new paradigm of the **agency business model** and its **support from the Company**
- Design **sales processes** that increase commercial effectiveness by exploiting **best practices**, even from other sectors and the value of the intermediary's consultancy.
- Draw up a **plan of action based on tactical** (agile approach) and **long-term initiatives**



Evolution of the Distribution Model - Reale Mutua

Commercial effectiveness - Design framework



Evolution of the Distribution Model - Reale Mutua

Commercial effectiveness - Evolutionary road map



Evolution of the Distribution Model - Italiana

Italiana distribution strategy based on 4 pillars



The Pillars of the Distribution Strategy

Growth

- Professionalisation and mix diversification
- Increase in Share of Wallet
- Recruiting new agents and intermediaries

Simplicity

- Simplification of IT processes and systems
- Focusing of the offer

Diversification

- Opening to different agency models
- Growth in terms of promoters and banks
- Attention to innovative and multi-channel models

Tradition

- Strong integration into the Reale Mutua Group
- Centrality of and listening to physical networks

Better use of the distinctive assets of the Italian/ex-Uniqa networks and development of a flexible support model as fundamental enablers of the new strategy

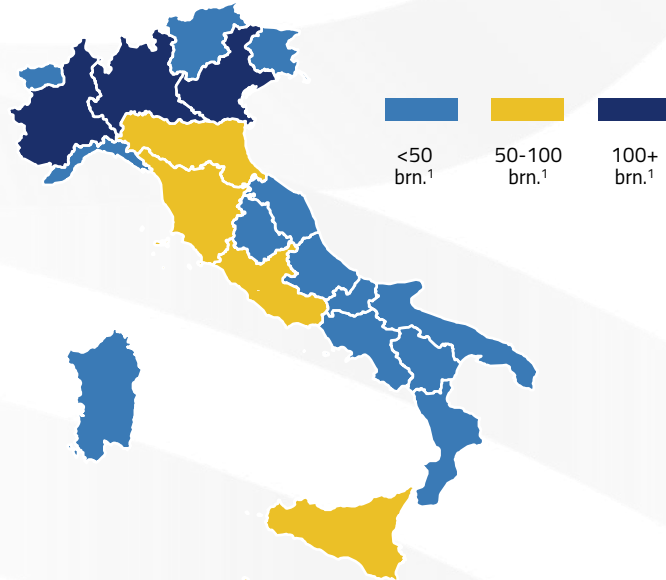
Evolution of the Distribution Model - Italiana

Italiana's network, as of 2019, is widespread and multi-channel, in part thanks to its integration with Uniqa



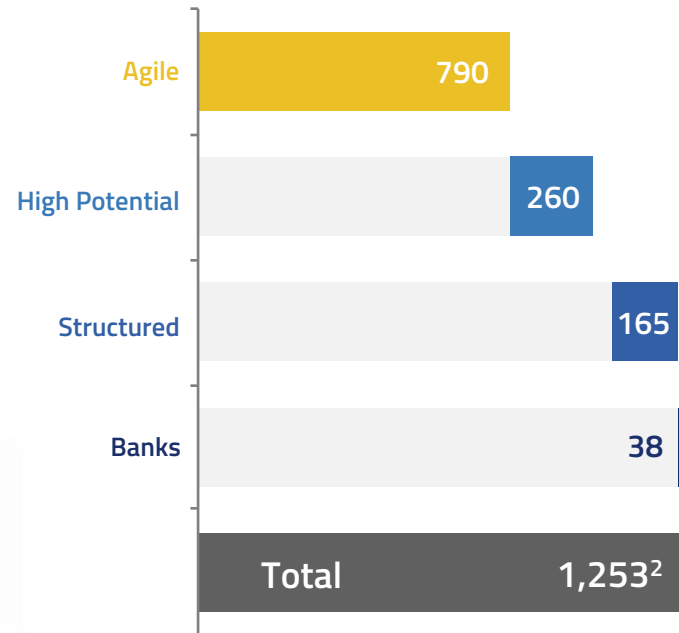
A widespread distribution network across the country

Distribution of branches by region, data from April 2019



1. Branches 2. Does not include 10 unclassified branches (2 Italnext and 8 REM)
Source: Data from the Central Distribution Department - Network Management

...with different types of branches
Distribution of branches by type, data from June 2019



Source: Data from the Central Distribution Department - Network Management

The 2019 data has confirmed Italiana's segmentation and priorities

- Simplify
- Improve efficiency
- Persevere
- Integrate

Evolution of the Distribution Model - Italiana

Looking ahead, the 2020-2022 Plan should focus on 3 objectives to be achieved through flexibility and efficiency of the model



3 key objectives for the 2020-2022 Plan...



Realise the target model to its fullest
by completing the differentiation of support by branch type



Continue with the diversification
of the sales channels, with a focus on banks and financial networks¹



Continue with evolution and growth
with an increase in the Share of Wallet on agencies with multiple employers



...for which flexibility and efficiency will be crucial on multiple levels



Offer
Differentiating it according to the needs of the various intermediaries, minimising time-to-market



Distribution/underwriting support
Completing the differentiation of the model across all intended areas, including IT systems



IT infrastructure and operations
Ensuring stability and integration of the systems with the various distribution networks (e.g. banks)

1. With target identification, development of partnership models, ...

Evolution of the Distribution Model - Italiana

However, there is still some room for optimisation of the model, which needs to be redirected to ensure our success in the coming years



Optimisation of the operational mechanism

Life operating model, management of subagents, acknowledgement of management fees, accounting for brokers and banks



Robustness and flexibility of IT systems

Instability on data coming from Life management systems and systems not differentiated between segments



Streamlining of points of communication

Numerous access points for communication between network and management

Evolution of the Distribution Model - Reale Seguros

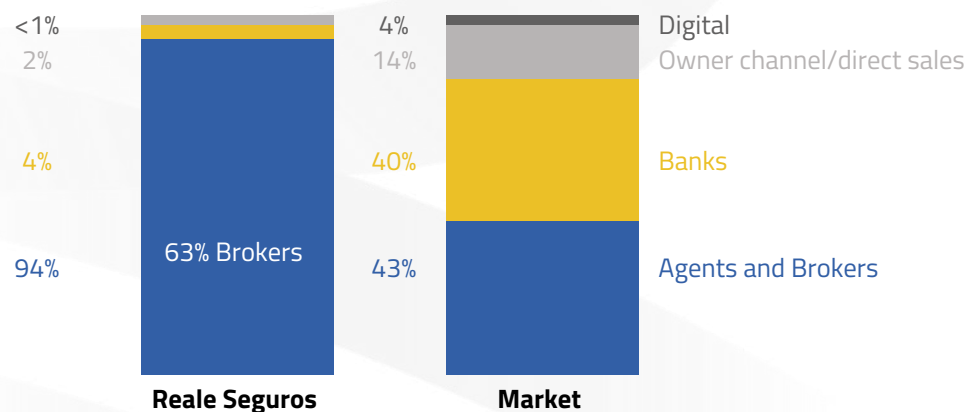
Reale Seguros, a key company in intermediation with a territorial model

Objective: to consolidate the mediation network



94% of premiums written by Brokers and Agents

% of total Non-Life and Life premiums - data from 2017



- Company based on mediation
- Bank intermediation lower than the market average
- Direct or direct work now negligible

- More turnover with brokers
Increase in the share of wallet
- Ensure profitability in the Associations
With appropriate relationship and management models
- Develop the "Big Brokers" segment
As a specialised unit with great potential
- Strengthen the Agencies
Bigger, more diversified and more professional

Evolution of the Distribution Model - Reale Seguros

Brokers, current situation and "Segment and direct objectives" strategy



- 3,500 brokerage firms with a contract,
 - 2,000 are active with Reale **SoW 11%**
 - They account for 63% of the portfolio and 67% of sales
- 44% belong to an association (20) **SoW 13%**
- With a TPL close to 100%
- 40 "industrialised" brokerage firms **SoW 8%**
- Intermediary of +1,100M and growing

Grow, maintain or make profitable

Differentiated value offer
Measured with 4 key indicators
Premiums, Sales, Loss expectancy and Cancellations

Titanium Group (bases)

110 Brokers (SoW +14%)
Share +30% RS and 40% RV-Risk



Evolution of the Distribution Model - Reale Seguros

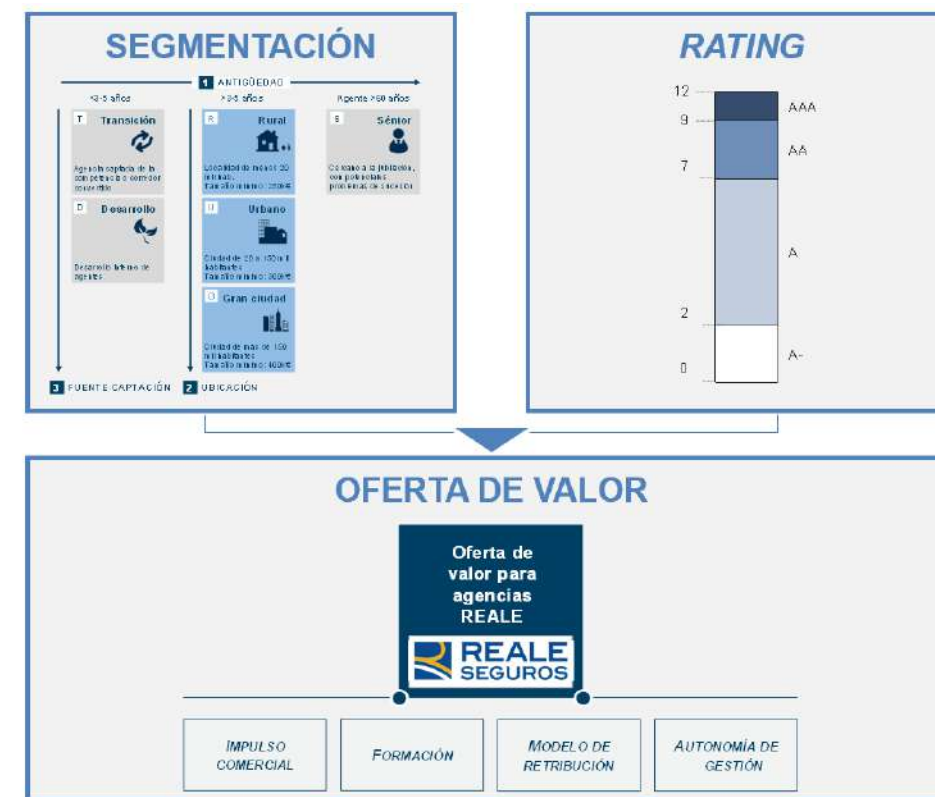
Agencies, current situation and strategy



Our Agency channel...

- 408 Agencies (+40 in 2018)
 - Account for 21% of the RS portfolio and 19% of sales
 - Average portfolio of 0.6M (includes 0.1M of Life Savings)
 - Good growth and TPL
-
- 1,500 Agents make up 10% of the RS portfolio
 - 82% of which is thanks to 700 agents.
 - 27 were promoted to "Agency" in 2018 (8 in 2017)
 - Strategic Plan for Agents in 2020

Segmentation and Value Offer



Service companies

2020-2022

The service companies will find a new drive in discontinuity with the past



- Positioning as confederator of the middle players in insurance for the provision of TAP Healthcare and services
- Increasing operational efficiency (indirect costs and management of affiliated networks)
- Better use of synergies with Reale Group (e.g. agent strategies)



- Consolidation of the current model
 - Optimisation and digitisation of business processes
 - Completion of integration of Italiana networks
 - Development of new products and services
- Evolution of the territorial coverage, extending coverage of the Central-South areas



- Divestiture of a selected perimeter of assets to improve profitability and generate cash flows to support the Group
- Optimisation of assets through a review of their composition in terms of asset classes, risk and returns

Strategic directors for development for the 2020-2022 Plan



1. Position Blue Assistance as an independent market player
2. Become the top player in Healthcare assistance for middle players in the insurance sector
3. Develop a Services offer with must-have solutions and distinctive plays
4. Optimise internal and external costs
5. Support the profitability of the Group
6. Work to enhance and engage Blue Assistance's resources

Strategic directors for development for the 2020-2022 Plan



2019

0. Increasing the efficiency of Blue Assistance

- Efficiency of the operational mechanism
- Review of the organisational model
- Implementation of the Group plan
- Containing the cost of claims
- Design of the reinsurance model
- Completing the basic service offer

2020

1. Positioning Blue as TAP* for Healthcare

- Development of the strategy for middle players
- Development and launch of innovative services
- Completion of cost containment measures
- Implementation of the reinsurance model
- Development of actions which are functional to the Group plan

* Top Assistance Player

2021/2022

2. Seeding for the future

- Potential in-sourcing of outsourced activities
- Potential vertical integration with healthcare facilities

The five pillars of the 2020-2022 Industrial Plan have been identified



Cost optimisation



Growth on TAP*
Assistance and
Healthcare



Development of Healthcare
Services



Better use of synergies
with the Group



Enhancement and
engagement of resources

* Top Assistance Player

...with 15 key areas for intervention



Cost optimisation

1. Improving efficiency of the internal structure (cost optimisation and process automation)
2. Containment of external pay-outs to network of recovery vehicles and medical providers (renegotiation of rates)
3. Renegotiation/review of outsourced activities



Growth on TAP Assistance and Healthcare

4. Evolution of the model
 - Openness to reinsurance model
 - Federation of middle players
5. Seamless integration of customer journeys₁ with the company's Customer experience



Development of Healthcare Services

6. Management model for Service development
 - Portfolio management venture like
 - Governance
7. Development of enablers for implementation of the basic offer
 - Optimisation of offer₂ Operations centre
 - Technological platform
8. Development of first distinctive plays (e.g. services for parents, orchestrator for the chronically ill, support for sportspeople...)
9. Design of the distribution model and go to market (e.g. Agents)



Better use of synergies with the Group

10. Support to the Group's strategic pillars through services (e.g. Customer Centricity, agent relationships)
11. Model of participation in Group innovation initiatives (e.g. Reale Lab)



Enhancement and engagement of resources

12. Transformation of organisation in support of optimisation
13. Strengthening of capabilities and investment in key competencies
14. Enhancement of talent in coordination with the Group
15. Constant attention to the company climate

1. Differentiated according to the characteristics of the main Customers; 2. Current offer (MyNet, Salutiamo, Blue Welfare, ...)

Banca Reale's strategies are aimed at consolidating/developing its instrumental role in support of the insurance business,

as an integrated system of services for the benefit of the distribution networks and Reale Group's customers.



The main actions planned for the 2020-2022 period will particularly affect the evolution of the distribution networks and the development of operating processes and technologies, which are key to increasing the integration of the banking, financial and insurance services offered to Reale Group's customers.

Areas of the main actions

Distribution Networks

Products and Services

**Processes and
Technologies**

Main actions



Distribution Networks

- Continuation of the plan to open new Bank Spaces;
- Construction of a new branch in Rome, as a hub for the provision of products and services to support the distribution networks across Central and Southern Italy;
- Supporting the Companies of Reale Group in their distribution strategies with the financial networks.

Products and Services

- Continued recomposition of interest-bearing assets, acting on the progressive growth of loans to customers;
- Expansion of the range of investment services, such as advanced MIFID II consultancy or order gathering on financial instruments in major foreign markets;
- Development of innovative solutions in the field of payment systems, which are functional to the regulations of Reale Group's insurance agencies.

Processes and Technologies

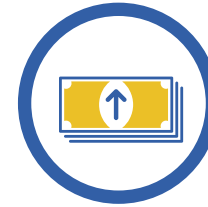
- Continuation of the digitisation of distribution processes;
- Activities to improve the efficiency of operational processes (flexibility, scalability, multi-channel);
- Teamwork with the Group Innovation function for the development (alone or in partnership) of innovative payment systems in compliance with PSD2.

Reale Immobili's 2020-2024 Plan is structured along two main lines



Evolution/Optimisation of assets

- Product and square diversification
- Orienting allocation choices according to new emerging needs (both social and environmental)
- Continuing to increase value by selecting opportunistic initiatives to support future profitability
- Internationalisation in line with the Group
- Use of financial instruments for asset management



Selective divestiture

Opportunities to accelerate the strategy

- Opportunities to accelerate the strategy
- Divestiture of a selected perimeter of properties to generate cash to support the Group and Reale Immobili's investments
- Identification of a perimeter of disposal to support the recomposition of the portfolio in terms of asset class, risk and profitability in line with foreseeable market trends

Strategic projects

2020-2022

Premise

Reale Group's 2020-2022 three-year plan will also be characterised by the development of 6 major Strategic Projects:

Currently being
planned



Relaunch of
Welfare Strategy



Data Driven
Company



Development
of Services

Currently being
implemented



TOM - CIS



New IFRS
accounting principles



Internal
Model Phase II

In the following pages, each one will be explored in more depth as regards their guidelines, objectives, main areas of action and milestones.



Relaunch of Welfare Strategy

The guidelines for training on the business plan of this project are:

- Strong relaunch of the welfare strategy, developing a new approach to collective health aimed at acquiring adequate volumes to compete in this market segment
- Push for greater integration with the Blue service network
- Seeking out new distribution agreements
- Consolidation of the retail model with push on the subnetwork



Data Driven Company

The guidelines for training on the business plan of this project are:

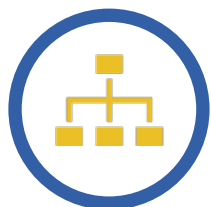
- Development of the data strategy, starting from business needs and variations according to use cases
- Development of Data Governance at the Group level
- Development of a data culture for strategic decisions in all company sectors
- Development of a plan of action aimed at identifying the areas of greatest impact in terms of customer centricity and profitability



Development of Services

The guidelines for training on the business plan of this project are:

- Definition of an operating and distribution model
- Definition of a comprehensive value proposition for the launch of new services
- Focus on Welfare/Healthcare services, as a priority key to profitability for the Group and its distribution Networks
- Seeking out partnerships for entry into ecosystems



TOM

Objective and main areas of intervention

Design and implementation of the Group's Target Operating Model by renewing the technological infrastructure, allowing us to:

- Meet business requirements and reduce time to market
- Improve the customer experience and user experience of both external and internal Customers
- Support the effectiveness of sales processes
- Design multi-channel business models
- Streamline the core processes of the Group's value chain



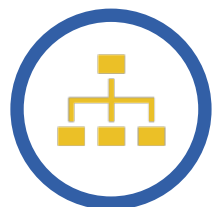
Milestones

Collection of priorities

Identification of key elements

Design

Planning interventions



TOM

Areas of intervention

1. Business

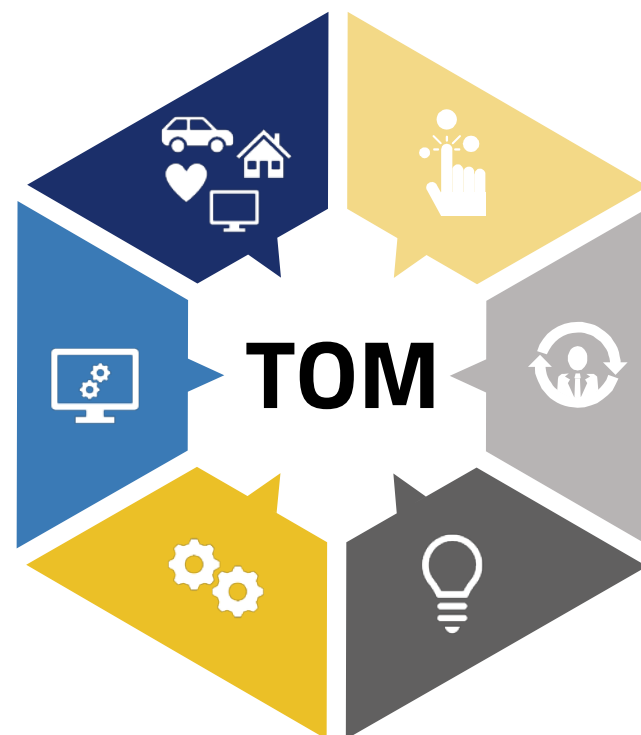
- Meet the current business needs and enable future evolutions (e.g. Best Price)
- Respond to the different needs of two Companies, with a multi-channel distribution model and different types of intermediaries, Customers and product lines
- Reduce the time to market (e.g. revising the rate, launching new products)

2. IT

- Ensure ease of management and reduce system maintenance costs by minimising the level of system customisation
- Minimise development costs/efforts by giving the user greater autonomy
- Introduce a series of services independent of the front used (API services) in order to enable operation on alternative channels

3. Organisation

- Simplify processes to facilitate the ongoing management of the model (lean approach) and focus the structures on the activities with greater added value



4. User experience

- Improve the user experience by responding to the needs of different users (management and agency networks) through targeted customisations and by implementing a complete integration of the user experience on the single front end

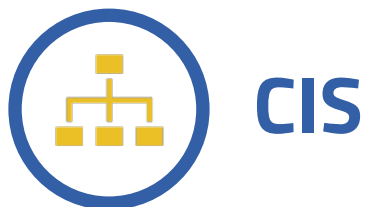


5. Customer experience

- Build a new customer experience on the main touchpoints with the Company to allow for the customer centricity objectives defined by the Group to be achieved

6. Innovation

- Supplement the operating model with elements of innovation that have reached a good level of maturity (e.g. robotics)
- Ensure that the future contributions of innovation can be adopted



Objective

Evolution of Aire into an agile and scalable system for the future:

- Product management: autonomy for the user areas in product maintenance and parameterisation, acquiring development skills
- Evolution of AIRE (Pegasystems): improvement of user experience (mediators and internal sales networks) to make it easier and faster, use in a mobile environment (desktop, tablet, mobile)

Main areas of intervention

ITES, D. Transformación, D. Técnica-Actuarial, D. Comercial, D. Administración y Control de Gestión, D. Prestaciones y Operaciones

Milestones

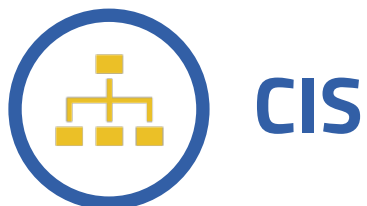
Product management

- Production 2017-2019: Tariff tools, Business rules, Products loaded, Condos, TRDM, Motorbike, Home, Trade and Cars
- 2020-2021: Commercial Offers and Methods, Commercial Shares; Products loaded: New Motorbike and Home, Lorry, TPL, Accidents, SMEs

Evolution of AIRE 2019 - 2021

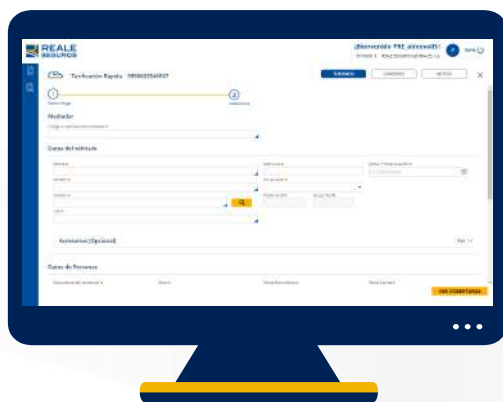
- 2019: Quick Car, Lorry and Motorbike pricing system, consultation and management of receipts, and common flow of policy issuance.
- 2020-2021: Integration of products into the issuance flow, other functions (Commercial, Administration, Technical, Performance, etc.)





CIS

New AIRE screens



Objectives

- Having a digital platform to create a new "multidevice front" that allows users to work with a range of features on PCs, Tablets and Mobile phones
- Gaining agility in TTM
- WS level for third-party integration (B2B, B2B2C)

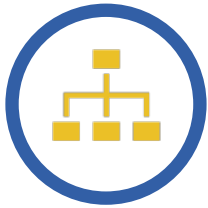


Product Management



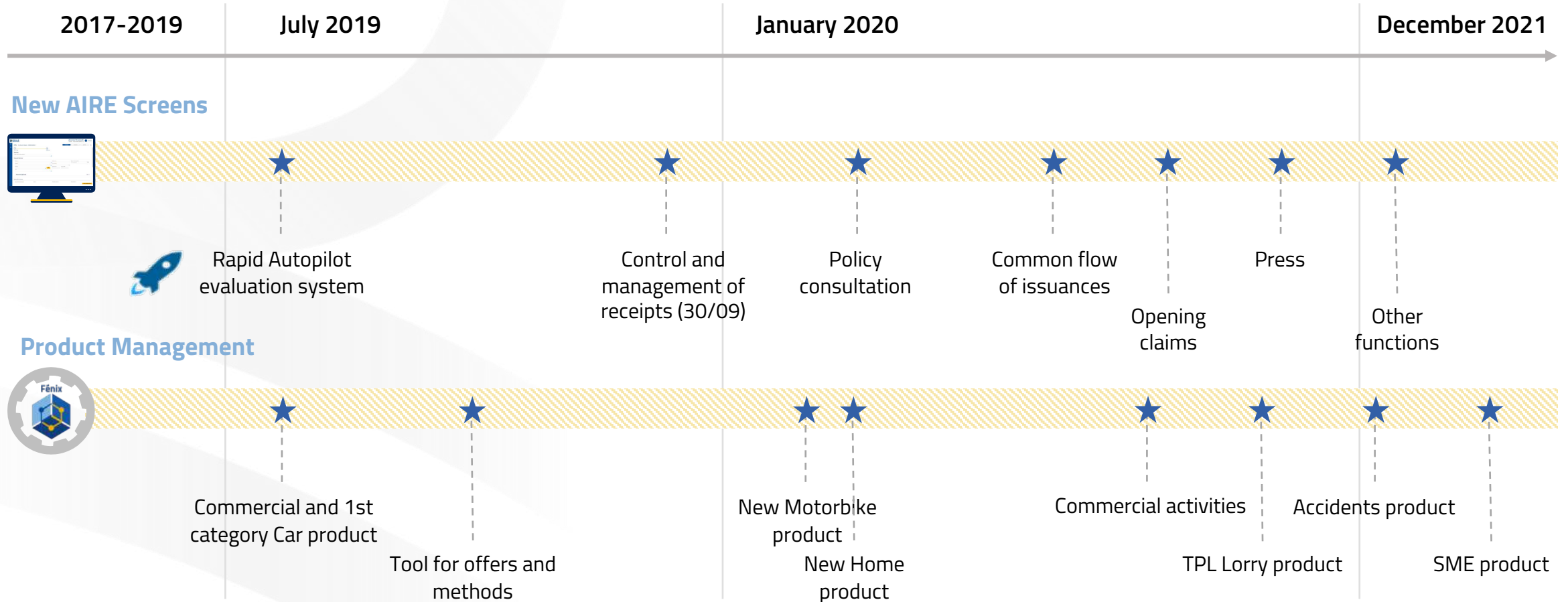
Objectives

- Autonomy and flexibility for product management (rates, business rules, etc.)
- Standardised model to increase agility in defining and maintaining products



CIS

Timetable and derivables





New IFRS 17 Accounting principles

Aim of the project

Define and implement all models and processes aimed at adopting the new IFRS 9, 16 and 17 accounting standards for the entire Group

Scope of the project

COMPANY	IFRS 9	IFRS 16	IFRS 17
Società Reale Mutua di assicurazioni	✓	✓	✓
Italiana Assicurazioni S.p.A.	✓	✓	✓
Reale Seguros Generales S.A.	✓	✓	✓
Reale Vida S.A.	✓	✓	✓
Reale Chile Seguros Generales S.A.	✓	✓	✓
Banca Reale		✓	
Blue Assistance		✓	
Reale Immobili S.p.A.	✓	✓	

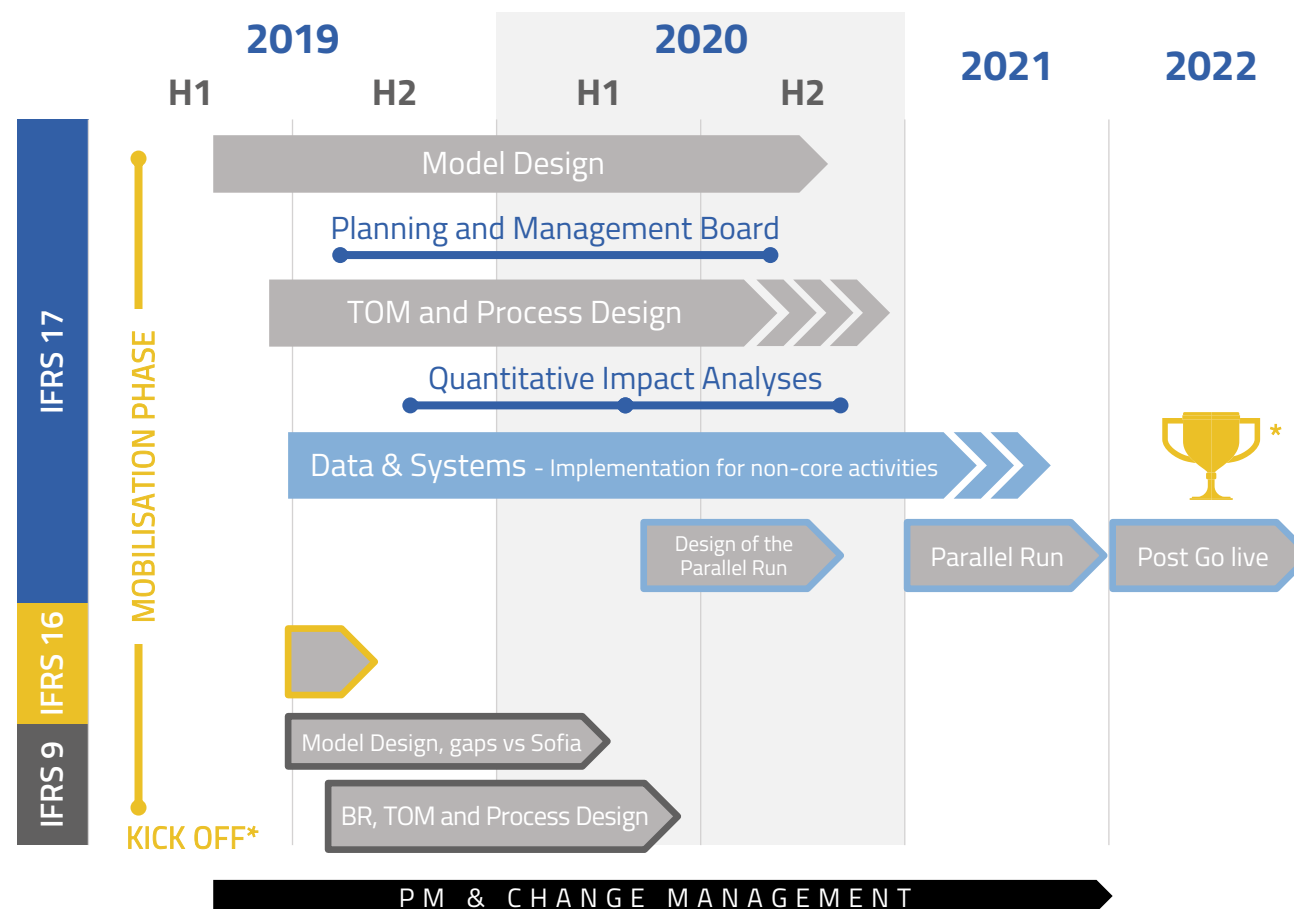


New IFRS 17 Accounting principles

Timetable and derivables *

Main milestones

- Definition of the Unit of Account model (Non-Life, Life, Reinsur.)
- Definition of the Fulfilment cash flow model (Non-Life, Life, Reinsur.)
- Completion of all models, business requirements and processes
- Implementation of Data Model
- IT architecture for planning, budget and forecast
- IFRS 17 accounting engine and new CO.GE. environment.



* Timetable updated on 31/07/2019



Internal Model

Phase II

Objective

During the presentation of the first application for approval of the Group's internal model, Reale Group outlined a process of convergence towards a broader perimeter in terms of risk modules. In particular, for the 2020-2022 period, the Group is proceeding with the activities aimed at applying the internal model in an "extended" configuration for the calculation of the Solvency Capital Requirement.

Main areas of intervention

- Completion of the remedial actions agreed upon with the Regulator for the internal model of Non-Life management (Phase 1)
- Extension of the internal model to the catastrophic risks of Non-Life management (with a focus on Earthquake)
- Extension of the internal model to the risks of Life management

Milestones

December 2019

Conclusion of Phase 1 remedial actions

December 2020

Modification of the Group's internal model for catastrophic risks of Non-Life (Earthquake) goes live

December 2022

Modification of the Group's internal model for the risks of Life management goes live



Internal Model

Phase II

Timetable and derivables

	2019		2020				2021				2022					
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
1. Remediation Plan Phase 1	●															
	12/2019 Sharing latest remediation actions with IVASS															
2. Model Change for integration of CAT Risk - Earthquake	●		●													
	09/2019 Start of regulatory assessment with IVASS		12/2019 Model expected to go live													
3. Phase 2 (implementation of Internal Model for Life management)	●		●												●	
			03/2020 Start of regulatory assessment with IVASS								12/2022 Model expected to go live					
4. Possible resumption of Reale Seguros Internal Model pre-application			●													



Plan

2020-2022

Targets for 2020-2022

Reale Group

AMOUNTS IN MILLIONS OF EUROS

INDICATORS	2020	2021	2022
Total Life Premium	5.260	5.401	5.541
% Variation	- 0,6%	2,7%	2,6%
Non-Life Premium	3.385	3.501	3.614
% Variation	3,0%	3,4%	3,2%
Premiums + Life	1.874	1.900	1.927
% Variation	- 6,6%	1,4%	1,4%
Combined Non-life Operating Ratio	97,7%	96,8%	96,3%
IAS Rate of Return for Non-life*	1,20%	1,20%	1,20%
Operating Result for Life / managed funds	0,24%	0,31%	0,35%
Group consolidated result	153,3%	175,4	207,4
Group net holding	3.013	3.172	3.358
ROE**	5,3%	5,7%	6,4%
Solvency ratio (Solvency II - MI)***	258%	264%	289%

Targets for 2020-2022

Reale Group

AMOUNTS IN MILLIONS OF EUROS

Company	2020	2021	2022
Reale Mutua Assicurazioni	124,7	141,7	150,9
of which IAS result excluding effects of Capital project on dividend distribution**	85,6	102,4	111,6
Italiana Assicurazioni	48,5	56,8	62,6
of which IAS result excluding effects of Capital project on dividend distribution**	41,5	50,0	55,8
Reale Seguros Generales S.A.	31,0	33,9	38,0
Chile Group	(2,6)	0,9	4,2
Reale Vida y Pensiones S.A.	2,0	2,3	4,1
Igar S.A.	2,6	2,2	2,8
Reale Immobili S.p.A.	36,9	24,5	28,2
Banca Reale S.p.A.	2,5	3,5	4,8
Blue Assistance S.p.A.	0,8	1,9	3,5
Others (Sara, Credem, Italnex)*	5,1	6,1	6,6
Eliminations, dividends and third-party shares	(98,2)	(98,4)	(98,4)
Group consolidated result	153,3	175,4	207,4

*The "Others" include shares of profits of the following companies: Sara Assicurazioni (until 2017), Credem Assicurazioni, Italnex, Reale Ites S.r.l. Reale Ites ESP S.L.

**The result is influenced by the liquidity centralisation policy known to the Capital project

Note: the total amounts may differ from the sum of the individual components due to the effects of rounding.

Targets for 2020-2022

Reale Mutua

AMOUNTS IN MILLIONS OF EUROS

INDICATORS	2020	2021	2022
Total Premiums (Life + Non-Life)	2.303	2.357	2.418
% Variation	- 4,0%	2,3%	2,6%
Non-Life Premiums	1.552	1.597	1.647
% Variation	2,6%	2,9%	3,2%
Non-Life Premiums	751	760	771
% Variation	-15,3%	1,2%	1,4%
Combined ratio for the year	94,2%	93,6%	93,0%
Combined Non-life Operating Ratio	98,0%	97,2%	96,6%
Life Operating Margin	12,8	20,3	22,2
IAS Result	124,7	141,7	150,9
Local net holding	2.336	2.445	2.563
Solvency ratio (Solvency II - MI) *	351%	361%	392%

* Calculated with Internal Model

Targets for 2020-2022

Italian

AMOUNTS IN MILLIONS OF EUROS

INDICATORS	2020	2021	2022
Total Premiums (Life + Non-Life)	1.998	2.021	2.045
% Variation	0,5%	1,2%	1,2%
Non-Life Premiums	798	810	824
% Variation	1,4%	1,6%	1,6%
Life Premiums	1.200	1.211	1.222
% Variation	0,0%	0,9%	0,9%
Combined ratio for the year	92,7%	92,0%	91,4%
Combined Non-life Operating Ratio	98,0%	96,4%	95,9%
Life Operating Margin	20,2	19,0	23,8
IAS Result	48,5	56,8	62,6
Local net holding	685	695	710
Solvency ratio (Solvency II - MI) *	230%	229%	255%

* Calculated with Internal Model

Targets for 2020-2022

Reale Seguros

AMOUNTS IN MILLIONS OF EUROS

INDICATORS	2020	2021	2022
Non-Life Premiums	915	943	974
% Variation	2,1%	3,1%	3,2%
Combined ratio for the year	95,7%	95,5%	95,3%
Combined Non-life Operating Ratio	96,9%	96,7%	96,5%
IAS Result	31,0	33,9	38,0
Local net holding	463	457	454
Solvency ratio (Solvency II - FS) *	320%	314%	315%

* Calculated with Internal Model

Targets for 2020-2022

AMOUNTS IN MILLIONS OF EUROS

Reale vida	2020	2021	2022
Life Premiums	39	39	39
% Variation	-16,6%	0,5%	1,0%
Technical and Financial Margin for Life	6,8	7,4	8,2
IAS Result	2,0	2,3	4,1
Local net holding	18,0	20,3	24,3
Solvency ratio (Solvency II - FS) *	230%	245%	279%

Igarsa	2020	2021	2022
IAS Result	2,6	2,2	2,8

Reale Chile	2020	2021	2022
Total Premiums (Life + Non-Life)	120	151	170
% Variation	34,6%	25,8%	12,6%
IAS Result	(2,6)	0,9	4,2

Targets for 2020-2022

Reale immobili*

INDICATORS	2020	2021	2022
Revenue from rentals	77	74	74
IAS Result	36,9	24,5	28,2

Banca Reale

IAS Result	2,5	3,5	4,8
ROE	3,9%	5,2%	6,7%
TIER 1	16,0%	14,4%	13,1%*

Blue Assistance

Revenues from captive + non-captive services	27	29	33
Rate reduction for RMA and ITA	1	1	1
Reduction of Blue Assistance network costs	2,3	4,4	4,5

Reale Ites Italy - Spain

Cash out investments - Real Ites expenses (**)	52,8	49,1	43,9
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AMOUNTS IN MILLIONS OF EUROS

*Regulatory minimum capital ratio: 12.3%
Capital ratio target as per Budget Letter: 15.0%
Potential increase in capital to achieve end-of-period target: about 10.5 million euros.

*Blue: reduction of Captive/No Captive Network (including VAT where applicable) Health + Assistance.

Glossary

- **Loss ratio:** claims for the year / premiums for the year
- **Expenses ratio:** management fees / premiums for the year
- **Operating Combined Ratio of Non-Life management:** means the relationship between the technical charges for the year and the premiums for the year. The technical charges for the year are defined as the algebraic sum of the following components: claims for the year + acquisition costs + other administrative expenses + variation in other technical reserves + other net technical charges + result of reinsurance.
- **Combined Ratio:** loss ratio + expenses ratio
- **Life management Operating Margin:** means the sum of gross technical income + financial income on management and linked units - distribution costs - contracted technical management costs - result of reinsurance - mutuality benefits - structural costs of production, management and liquidation.
- **Life operating result on T.P.:** operating result from Life management of Reale Mutua, Italiana and Reale Vida compared to half the sum of the technical provisions of similar Companies.
- **Rate of return on Investments by Gruppo Italia IAS/IFRS excluding Life Management:** means the relationship between the results of the financial management (ordinary income + trading profits and losses + unrealised valuation gains and losses shown on income statement) accounted for according to the IAS/IFRS accounting principles and relating to Reale Mutua (Non-Life segment), Italiana Assicurazioni (Non-Life segment), Reale Immobili and Blue Assistance and the related managed funds. Profitability is calculated net of income generated by infragroup transactions (dividends, results of trading).
- **ROE:** IAS net result compared to half the sum of the net worth of IAS.
- **RoRC:** IAS net result, including mutuality Benefits added to profits net of taxes for Reale Mutua and the Group, compared to the value of the SCR.
- **Solvency Index (Solvency II):** means the relationship between Available Margin and Required Margin calculated with Solvency II logic.
- **TIER 1:** means the relationship between the Core Capital of the Bank and its Risk-Weighted Assets.



**REALE
GROUP**

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